

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**Financial Report
with Supplemental Information
Prepared in Accordance with GASB 34**

June 30, 2008

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INDEPENDENT AUDITOR'S REPORT

DS Rostagno, CPA, P.C.

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Board of Education
West Iron County Public School District
601 Garfield Avenue
Iron River, Michigan 49935

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **West Iron County Public School District**, as of and for the fiscal year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the **West Iron County Public School District's** management. Our responsibility is to express opinions on these financial statements based on our audit.

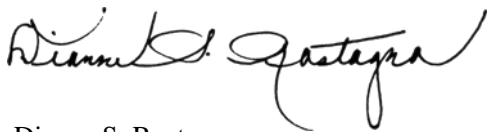
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and by the standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Education, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinions, except for the material weaknesses described in 2008-01 through 2008-14, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **West Iron County Public School District** as of June 30, 2008, and the respective changes in financial position, thereof for the fiscal year ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2008 on our consideration of the **West Iron County Public School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

The administration's discussion and analysis and budgetary comparison information on pages 8 through 16 are not required parts of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board* and by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of the inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinions on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **West Iron County Public School District's** basic financial statements. The introductory section, and combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the **West Iron County Public School District**, Iron River, Michigan. The combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinions, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinions on it.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with a large, stylized initial "D".

Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

November 10, 2008

ADMINISTRATION'S DISCUSSION AND ANALYSIS

WEST IRON COUNTY PUBLIC SCHOOLS

601 Garfield Avenue
Iron River, Michigan 49935

Richard J. Burby
Superintendent

Phone: (906) 265-9218
Fax: (906) 265-9736

The **West Iron County Public School District** is a K-12 school district located in Iron County, Michigan.

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the **West Iron County Public School District's** discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in the relevant funds, including Debt Service, Capital Projects, and the School Service Funds, which are comprised of Food Service and Athletics.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term debt obligations are recorded as expenditures. Future years' debt obligations are not recorded.

District-wide Financial Statements

The *District-wide Financial Statements* are full accrual basis statements. They report all of the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Fund solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets on the *District-wide Financial Statements*.

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The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity and scholarship funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Summary of Net Assets:

The following summarizes comparative the net assets at fiscal years ended June 30, 2008 and June 30, 2007:

<u>NET ASSETS SUMMARY</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Assets		
Current Assets	\$ 1201288	\$ 1556129
Capital Assets	14555327	14445625
Less: Accumulated Depreciation	<u>(6692733)</u>	<u>(6294756)</u>
Capital assets, net book value	7862594	8150869
Total Assets	\$ <u>9063882</u>	\$ <u>9706998</u>
Liabilities		
Current Liabilities	1073177	1556052
Long-term Liabilities	<u>3545428</u>	<u>5684268</u>
Total Liabilities	4618605	7240320
Net Assets		
Investment in capital assets, net of related debt	5036615	5032168
Restricted for Inventory	10776	
Restricted for Food Service	0	23102
Restricted for Athletics	0	1321
Restricted for Debt Service	180492	81240
Restricted for Sinking Fund Capital expense	75182	3480
Designated for Special Programs	0	0
Unrestricted	<u>(857788)</u>	<u>(2674633)</u>
Total Net Assets	4445277	2466678
Total Liabilities and Net Assets	\$ <u>9063882</u>	\$ <u>9706998</u>

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Analysis of Financial Position

During fiscal year ended June 30, 2008, the District's net assets increased by \$ 1,978,599. A few of the significant factors affecting net assets during the year are discussed below:

A. General Operating Fund Operations

The District's revenues from General Operating Fund operations exceeded expenditures by \$ 182,329. General Operating Fund revenues decreased by \$ 250,404 from the last fiscal year, while General Operating Fund expenditures decreased by \$404,662 from the prior year.

B. Debt, Principal Payments

The District made principal payments on long-term debt obligations that reduced the amount of the District's long-term liabilities as follows:

	Balance July 01, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2008</u>
2007 Refunding Bonds	\$ 2975000	\$ 0	\$ 235000	\$ 2740000
Durant Resolution Bonds	85979	0	0	85979
Canon Copier Lease	1369	0	1369	0
Bleacher Refurbishing Loan	10497	0	10497	0
Bus Lease	45854	0	45854	0
Long-term Employee Benefits	<u>2849327</u>	<u>196947</u>	<u>2053722</u>	<u>992552</u>
Totals	\$ 5968026	\$ 196947	\$ 2346442	\$ 3818531

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C. Net Investment in Capital Assets

The District's comparative net investment in capital assets is as follows:

	Balance June 30, 2007		Additions	Deletions	Balance June 30, 2008
Capital Assets	\$ 14445625	\$	109702	\$ 0	\$ 14555327
Less: Accumulated Depreciation	(6294756)		(397977)	0	(6692733)
Net Investment in Capital Assets	\$ 8150869	\$	(288275)	\$ 0	\$ 7862594

	Balance June 30, 2006		Additions	Deletions	Balance June 30, 2007
Capital Assets	\$ 14191506	\$	254119	\$ 0	\$14445625
Less: Accumulated depreciation	(5887811)		(406945)	0	(6294756)
Net Investment in Capital Assets	\$ 8303695	\$	(152826)	\$ 0	\$ 8150869

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Results of Operations:

For the fiscal years ended June 30, 2008 and June 30, 2007, the District-wide comparative results of operations were as follows:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<u>Revenues</u>		
<i>General Revenues</i>		
Property taxes, levied for general operations	\$ 2260978	\$ 2187002
Property taxes, levied for debt service	471801	446078
Property taxes, levied for Sinking Fund		
Improvements	97454	92766
Other taxes and Fees	46313	7315
State Aid, Unrestricted	5331433	5665047
Schools and roads grant	106172	110208
Interest and Investment Earnings	26443	39141
Other general revenues	<u>151652</u>	<u>160700</u>
<i>Total General Revenues</i>	\$ 8492246	\$ 8708257
<i>Operating Grants</i>		
Federal	907254	857237
State of Michigan	888146	899262
Other operating grants	<u>26181</u>	<u>32538</u>
<i>Total Operating Grants</i>	1821581	1789037
<i>Charges for Services</i>		
Instruction	40017	35199
Food Service	132640	141001
Athletics	68849	91677
Community Internet	79173	101233
Day Care Program	54374	57032
Other Charges for Services	<u>5242</u>	<u>21294</u>
<i>Total Charges for Services</i>	380295	447436
Total Revenues	\$ 10694122	\$ 10944730

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Results of Operations: (Continued)

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Expenses:		
Instruction	\$ 4814338	\$ 6603379
Support Services	2542319	3132949
Community Services	517217	134967
Food Services	185051	471568
Athletics	114399	191953
Interest on long-term debt	137980	99432
Other Costs	6242	39
Depreciation (Unallocated)	397977	406945
Intergovernmental payments	<u>0</u>	<u>25848</u>
Total Expenses	\$ 8715523	\$ 11067080
Non-operating Income (Expense)	(0)	(74961)
DECREASE/INCREASE IN NET ASSETS	1978599	(197311)
BEGINNING NET ASSETS	2466678	2663989
<i>Prior Period Adjustment</i>	<u>0</u>	<u>0</u>
ENDING NET ASSETS	\$ <u>4445277</u>	\$ <u>2466678</u>

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- State of Michigan State Aid Act per student foundation allowance.
- Student Enrollment - Blended at 80 percent of current year's fall count and 20 percent of prior year's winter count.
- The District's non-homestead levy.

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The **West Iron County School District's** foundation allowance was \$ 7,204 per student for the 2007-2008 school year.

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Student Enrollment:

The District's enrollment for state aid membership purposes for 2007-2008 was 1133 students. The District's enrollment decreased substantially from the prior year's student count. The following summarizes fall student enrollments in the past five years:

	<u>Student FTE</u>
2007-2008	1088
2006-2007	1069
2005-2006	1119
2004-2005	1184
2003-2004	1189

2. Property Taxes Levied for General Operations (General Fund Non-Homestead)

The District levies 18 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase, or five percent, whichever is less.

At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2007-2008 fiscal year was \$ 2,260,978. The non-homestead property tax levy increased considerably from the prior year.

The following summarizes the District's non-homestead property tax levy for the past five years:

	<u>Non-Homestead Tax Levy</u>	<u>Percent Increase From Prior Year</u>
2007-2008	\$ 2260978	3.38
2006-2007	2187002	22.18
2005-2006	1789998	2.18
2004-2005	1751726	5.22
2003-2004	1664873	0.80

Average increase last five years: 6.75%

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3. Debt Service and Sinking Fund Levy

The District's debt service fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties - both homestead and non-homestead. For the fiscal year ended June 30, 2008, the District's debt millage levy was 2.2000 mills, which generated revenue of \$ 471,801.

In addition, the District levied .4546 mills for sinking fund improvements, which generated revenue of \$97,454.

4. Food Sales to Students and Adults (School Lunch Program)

The District's food sales to students and adults decreased by approximately \$ 2,124 from the prior school year, or approximately 2%. During the prior 2006-2007 fiscal year, this revenue had increased by \$7,693 from the year before.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in Required Supplemental Information of these financial statements. Changes to the General Fund original budget were as follows:

	Revenues Original Budget	Revenues Final Budget	Revenues Final Actual	Revenues Variance Actual vs Original Budget	Revenues Variance Actual vs Final Budget
General Operating Funds	\$ 9706804	\$ 9428113	\$ 9592126	\$ (114678)	\$ 164013

	Expenditures Original Budget	Expenditures Final Budget	Expenditures Final Actual	Expenditures Variance Actual vs Original Budget	Expenditures Variance Actual vs Final Budget
General Operating Funds	\$ 9457876	\$ 9259051	\$ 9409797	\$ (48079)	\$ 150746

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General Fund Budgetary Highlights (Continued)

Budgeted revenues were decreased by \$ 278,691, which is approximately a 3 percent decrease from the original budget.

Budgeted expenditures were decreased by \$ 198,825 from the original budgeted amounts, representing a 2 percent decrease.

There were no significant variances between the final budget and actual amounts.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact:

West Iron County Public Schools
School Business Office
601 Garfield Avenue
Iron River, Michigan 49935

BASIC FINANCIAL STATEMENTS

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

STATEMENT OF NET ASSETS

JUNE 30, 2008

Governmental Activities

ASSETS

Current Assets

Cash and Cash Equivalents (Note 3)	\$ (73,112)
Receivables	
Taxes	26,989
Accounts Receivable	11,173
Due from Other Governmental Units	1,161,556
Due from External Parties	16,591
Inventories	17,966
Prepaid Expenses	40,125
	<hr/>

Total Current Assets	1,201,288
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Noncurrent Assets

Capital Assets (Note 5)	14,555,327
Less: Accumulated Depreciation (Note 5)	<hr/> (6,692,733)

Total Noncurrent Assets	<hr/> 7,862,594
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TOTAL ASSETS	\$ 9,063,882
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LIABILITIES

Current Liabilities

Accounts Payable	35,085
Accrued Salaries and Benefits	744,673
Accrued Sales Tax	164
Deferred Revenue	10,067
Due to External Parties	10,084
Loans Payable, Short-term	-
Lease Payable, Short-term	-
Bonds Payable, Due within one year (Note 8)	<hr/> 273,104

Total Current Liabilities	1,073,177
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Noncurrent Liabilities

Bonds Payable (Note 8)	2,552,875
Loans Payable, Long-term	-
Lease Payable, Long-term	-
Compensated Absences Payable	585,004
Long-term Employee Benefits Payable	<hr/> 407,549

Total Noncurrent Liabilities	3,545,428
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TOTAL LIABILITIES	\$ 4,618,605
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The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**STATEMENT OF NET ASSETS
(CONTINUED)**

JUNE 30, 2008

	<u>Governmental Activities</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 5,036,615
Restricted for Inventory	10,776
Restricted for Food Service	-
Restricted for Debt Services	180,492
Restricted for Sinking Fund Capital	75,182
Restricted for Athletics	-
Unrestricted and Undesignated	<u>(857,788)</u>
TOTAL NET ASSETS	\$ 4,445,277

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net(Expense) Revenue and Changes in Net Assets
Primary Government -				
Government Activities:				
Instruction	\$ 4,814,338	\$ 40,017	\$ 1,121,796	\$ (3,652,525)
Support Services	2,542,319		133,355	(2,408,964)
Food Services	517,217	132,640	317,562	(67,015)
Athletics	185,051	68,849		(116,202)
Community Services	114,399	138,789		24,390
Interest/Fees on Long-Term Debt	137,980			(137,980)
Other Costs	6,242		-	(6,242)
Depreciation (Unallocated)	397,977			(397,977)
Intergovernmental Payments			248,868	248,868
Total Governmental Activities	\$ 8,715,523	\$ 380,295	\$ 1,821,581	\$ (6,513,647)
General Revenues:				
Taxes:				
Property taxes levied for general operations				2,260,978
Property taxes levied for debt service				471,801
Property taxes levied for sinking fund improvements				97,454
Penalties/interest on taxes				11,075
Other Taxes				35,238
State Aid, Unrestricted				5,331,433
Schools and Roads Grant				106,172
Interest and Investment Earnings				26,443
Other				151,652
Total General Revenues				8,492,246
Non-Operating Income (Expense)				
Bond Premium				
Cost of Issuance - Refunding Bonds				
Total Non-Operating Income (Expense)				-
Change in Net Assets				1,978,599
NET ASSETS - BEGINNING OF YEAR				2,466,678
NET ASSETS - END OF YEAR				<u><u>\$ 4,445,277</u></u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2008

	General Operating Fund	Capital Projects Fund	Debt Service Fund
<u>ASSETS</u>			
Cash and Investments (Note 3)	\$ (338,871)	\$ 43,974	\$ 121,349
Receivables:			
Taxes	21,778	946	4,265
Accounts Receivable	1,881	-	-
Due from Other Funds	154,644	30,262	58,978
Due from Other Governmental Units	1,153,536	-	-
Inventories	10,776	-	-
Prepaid Expenditures	40,125	-	-
TOTAL ASSETS	<u>\$ 1,043,869</u>	<u>\$ 75,182</u>	<u>\$ 184,592</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable	33,953	-	-
Accrued Salaries and Benefits	736,032	-	-
Accrued Sales Tax	-	-	-
Due to Other Funds	124,124	-	4,100
Deferred Revenue (Note 7)	4,219	-	-
TOTAL LIABILITIES	<u>\$ 898,328</u>	<u>\$ -</u>	<u>\$ 4,100</u>
<u>FUND BALANCES</u>			
Reserved for Inventory	10,776	-	-
Reserved for Sinking Fund Capital Outlay	-	75,182	-
Reserved for Debt Service	-	-	180,492
Reserved for Food Services	-	-	-
Reserved for Athletics	-	-	-
Designated for Special Programs	-	-	-
Unreserved and Undesignated	134,765	-	-
TOTAL FUND BALANCES	<u>\$ 145,541</u>	<u>\$ 75,182</u>	<u>\$ 180,492</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,043,869</u>	<u>\$ 75,182</u>	<u>\$ 184,592</u>

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2008

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 100,436	\$ (73,112)
-	26,989
9,292	11,173
510	244,394
8,020	1,161,556
6,680	17,456
-	40,125
\$ 124,938	\$ 1,428,581
1,132	35,085
8,641	744,673
164	164
109,153	237,377
5,848	10,067
\$ 124,938	\$ 1,027,366
-	10,776
-	75,182
-	180,492
-	-
-	-
-	-
-	134,765
\$ -	\$ 401,215
\$ 124,938	\$ 1,428,581

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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GOVERNMENTAL FUNDS

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2008

Total Fund Balances - Governmental Funds	\$ 401,215
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

The cost of capital assets is:	14,555,327
Accumulated depreciation is:	(6,692,733)

Long term liabilities are not due and payable in the current period and are not reported in the funds:

Bonds/Notes/Leases Payable	(2,825,979)
Compensated Absences/Other Benefits	(992,553)

Other long term assets not available to pay current period expenditures therefore deferred in the funds

-

Accrued interest is not included as a liability in governmental funds

-

Total Net Assets - Governmental Activities	<u>\$ 4,445,277</u>
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The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES**

YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<u>REVENUE</u>			
Local Revenue	\$ 2,645,260	\$ 99,718	\$ 481,979
State Revenue	6,030,105	-	-
Federal Revenue	667,893	-	-
Intergovernmental Payments			
Federal Sources	41,240	-	-
State Sources	181,447	-	-
Other Sources	26,181	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	\$ 9,592,126	\$ 99,718	\$ 481,979
<u>EXPENDITURES</u>			
<u>Current:</u>			
Instruction	6,183,537	-	-
Support Services	3,029,897		
Community Services	114,399	-	-
Food Services	-		
Athletics	-	-	-
Debt Service			
Principal	-		292,720
Interest and Fees	-		137,980
Other costs	-	279	5,963
Capital Outlay	81,964	27,737	
Intergovernmental Payments	-		-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 9,409,797	\$ 28,016	\$ 436,663
Excess (Deficiency) of Revenues Over Expenditures	182,329	71,702	45,316
<u>Other Financing Sources (Uses)</u>			
Payments to other governmental units	-	-	-
Operating transfers in	-	-	53,936
Operating transfers out	(211,482)	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(211,482)	-	53,936
Net Change in Fund Balances	(29,153)	71,702	99,252
FUND BALANCES - BEGINNING OF YEAR	174,694	3,480	81,240
	<hr/>	<hr/>	<hr/>
FUND BALANCES - END OF YEAR	\$ 145,541	\$ 75,182	\$ 180,492
	<hr/>	<hr/>	<hr/>

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES**

YEAR ENDED JUNE 30, 2008

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 202,737	\$ 3,429,694
48,075	6,078,180
269,487	937,380
-	41,240
-	181,447
-	26,181
-	-
\$ 520,299	\$ 10,694,122
-	6,183,537
-	3,029,897
-	114,399
517,217	517,217
185,051	185,051
-	292,720
-	137,980
-	6,242
-	109,701
-	-
\$ 702,268	\$ 10,576,744
(181,969)	117,378
-	-
163,404	217,340
(5,858)	(217,340)
157,546	-
(24,423)	117,378
24,423	283,837
\$ -	\$ 401,215

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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GOVERNMENTAL FUNDS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES**

YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances - Total Governmental Funds **\$ 117,378**

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures; in
the statement of activities, these costs are allocated over their
estimated useful lives as depreciation.

Depreciation Expense	(397,977)
Capital Outlay	109,701

Loan proceeds are considered to be other financing sources in the
fund statements, but not in the statement of activities

Bond premiums on new bond issuances are reported as other financing
sources as part of bond proceeds, but must be adjusted in the statement
of activities

Repayment of bond/loan principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt)	292,720
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(Increases) Decreases in compensated absences are reported as expenditures when financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6	(196,947)
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(Increases) Decreases in long-term employee benefits are reported as expenditures when financial resources are used in the governmental funds.	2,053,724
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Change in Net Assets of Governmental Activities **\$ 1,978,599**

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2008

ASSETS

Cash and Investments	\$ 1,610,471
Due From Other Funds	<u>37,858</u>
TOTAL ASSETS	\$ 1,648,329

LIABILITIES

Due to Other Funds	44,876
Due to Student Groups	<u>149,826</u>
TOTAL LIABILITIES	\$ 194,702

NET ASSETS

Reserved for Scholarships	<u>1,453,627</u>
TOTAL NET ASSETS	<u>\$ 1,453,627</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

YEAR ENDED JUNE 30, 2008

PRIVATE-PURPOSE TRUST FUND

SCHOLARSHIP FUND

ADDITIONS

Gifts and Contributions	\$	46,863
Payments From Non-Governmental Funds		-
Interest and Dividends		39,991
Investment Gains (Losses)		<u>(54,715)</u>
TOTAL ADDITIONS	\$	32,139

DEDUCTIONS

Scholarships Awarded	60,230
Mini Grants Awarded	50,659
Capital Outlay	-
Other	<u>-</u>
TOTAL DEDUCTIONS	\$ 110,889

CHANGE IN NET ASSETS	(78,750)
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NET ASSETS - BEGINNING OF YEAR	<u>1,532,377</u>
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NET ASSETS - END OF YEAR	<u>\$ 1,453,627</u>
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The notes to the financial statements are an integral part of this report.

NOTES TO THE FINANCIAL STATEMENTS

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the **West Iron County Public School District** conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the District does not contain any component units.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, when applicable, which rely to a significant extent on fees and charges for support. All of the District's district-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

The District generally uses restricted assets first for expenses incurred for which both restricted assets and unrestricted assets are available. The District may defer the use of restricted assets based on a review of the specific transaction.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**District-wide and Fund Financial Statements
(Continued)**

Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**District-wide and Fund Financial Statements
(Continued)**

The criteria applied for designation as a major fund as follows:

- 1) Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for a fund type.
- 2) Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and enterprise funds combined.
- 3) Assets, or other element taken one at a time would have to pass both the 10% test and the 5% test for the fund to be required to be reported as a major fund.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation**

District-wide Statements

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is measurable and available. Revenue is considered to be available if it is collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Property taxes, unrestricted State aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following governmental funds:

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

General Fund

The General Fund is the School District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Iron County Community School Fund

This fund is used to account for all financial resources collected for the Community School program. State Aid is allocated between the General Fund and Community School Fund based upon pupil membership counts.

For reporting purposes, the General Fund and the Community School Fund are combined to form the School District's General Operating Fund. This is reported as a major fund.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Capital Project Fund

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or other capital assets, including equipment.

The capital project fund ("Sinking Fund") is considered to be a major fund for district-wide reporting purposes.

Debt Retirement Fund

These funds are used to account for the accumulated resources for, and the payment of, general long-term principal, interest, and related costs.

The Debt Retirement Fund is a major fund.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Funds maintained by the School District are the Food Services Fund, and Athletic Activity Fund, both of which are considered to be non-major funds.

Fiduciary Funds

These funds are used to account for assets held by the School District in a trustee capacity or as an agent.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation (Continued)**

Fund-based Statements (Continued)

Fiduciary Funds (Continued)

Fiduciary Fund net assets and results of operations are not included in the district-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District presently maintains a Student Activities Fund and a Scholarship Fund. The Student Activity fund is an Agency Fund and the Scholarship Fund is a private-purpose trust fund.

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds".

Property Taxes

Property taxes are levied on July 01 and payable by September 15 each year. They become delinquent on March 01 of the following year. Property taxes are recognized when they become available. The County of Iron purchases all delinquent real property taxes during the second quarter of each year, resulting in total collection of real property taxes each year.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property Taxes (Continued)

Delinquent personal property taxes are recorded as receivable if considered to be collectible within 60 days after year-end. For the year ended June 30, the School District levied 18.0000 operating mills (non-homestead only), and 2.2 mills for debt retirement.

In addition, on June 10, 2002, the voters of the **West Iron County Public School District** approved a levy for 15 years to establish a sinking fund for the purchase of real estate for sites for, and the construction or repair of, school buildings and all other purposes authorized by law. For the year ended June 30, the School District levied .4546 mills on its taxable valuation of \$214,844,363.

State Revenue

The State of Michigan uses a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

State Revenue (Continued)

The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts.

The State portion of the foundation is provided primarily by a State education property tax millage of 6.00 mills (on both homestead and non-homestead property) and an allocated portion of the State sales and other taxes.

The local portion of the foundation is funded primarily by non-homestead property taxes levied at a rate of up to 18 mills.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

State Revenue (Continued)

The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through payments from October 2007 through August 2008. The School District also receives revenue from the State to administer certain categorical education programs.

State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as deferred revenue.

State, general, and categorical aids are recognized as revenue in the entitlement year. Federal aids for reimbursable programs are recognized as revenues in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture commodities inventory received by the Food Service Fund is recorded as both revenue and expense in the year received. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the district-wide financial statements.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets (Continued)

Capital assets are defined by the government as assets with an initial individual cost of more than \$ 1,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contingent Liabilities

Unemployment

Payroll and related withholding and expenses which have been earned by School District employees but not paid as of June 30 are recorded as a liability on the School District's balance sheet.

The School District is a reimbursing employer to the Michigan Employment Security Commission and as such is responsible to pay the Commission for those benefits paid and charged to its accounts. As of June 30, 2008 appropriate liabilities have been recorded for all claims paid by the Commission. However, no provision has been made for future payments that might result from claims in process or un-filed.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

Sick Leave

The various employment contracts and agreements covering the School District's personnel allow for the accumulation of sick leave as defined.

The master agreement between the **West Iron County Public School District's** Board of Education and the West Iron County Education Association provides that teachers receive 14 days of paid sick leave per year to a maximum of 300 days accumulated.

At retirement, teachers shall receive payment of accumulated sick leave at the rate of \$ 65 per day to a maximum of 205 days.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences (Continued)
Sick Leave (Continued)

To be eligible for payment at retirement, a teacher must have been an employee of the District for at least 10 consecutive years and must be eligible for retirement as stipulated by the Michigan Public School Employee's Retirement Act, which requires at least 15 years of service.

The current agreement between the **West Iron Public School District's** Board of Education and the West Iron County Educational Support Personnel Association - MEA contains the following provisions:

All employees are credited with 1 sick leave day per month in which at least 25% of the month was worked. Sick days can accumulate up to a maximum of 180 days.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences (Continued)

Sick Leave (Continued)

At termination, accumulated sick leave is paid at 100% of total accumulated days at the rate of \$60 for full-time support staff and \$65 per day for full-time instructional staff, prorated for part-time employees at the time of retirement.

To be eligible for such payment, the employee must have been an employee of the District for at least 10 consecutive years prior to retirement, and must be eligible for retirement as stipulated by the Michigan Public Employee's Retirement Act. This act requires a minimum of 15 years of service.

At June 30, 2008, the accumulated sick leave liability for all employees, including the related costs of FICA and retirement is estimated at \$ 657,343.92. Short-term benefits likely to be paid within the next 12 month period would result in a current liability of \$ 72,340.36. It is estimated that the long term liability (calculated at the applicable percentage and rate at retirement) is approximately \$585,003.56.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Non-Monetary Transactions

Federal financial assistance received by school districts may include claims for reimbursement on reimbursable meals and milk served, cash in lieu of commodities, USDA donated commodities (both bonus and entitlement), discounts and rebates for the value of USDA donated commodity ingredients contained in processed foods (end products) provided by the state and federal processing program, respectively, and other payments for administrative costs, etc.

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Non-Monetary Transactions (Continued)

On this basis, the District recognizes the USDA value of donated commodities (bonus and non-bonus) received and expended in the amount of \$ 24,842 for entitlement commodities, and bonus commodities of \$ 0.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Assets.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Long-Term Obligations (Continued)

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond costs, during the current period.

Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information (Continued)

State law requires the District to have its budget in place by July 01. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be re-appropriated and honored during the subsequent year.

**Excess of Expenditures Over Appropriation in
Budgetary Funds**

Budget Violations

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated. The **West Iron County Public School District's** actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the **West Iron County Public School District** were adopted at the activity level.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

**Excess of Expenditures Over Appropriation in
Budgetary Funds (Continued)**

Budget Violations (Continued)

The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2007-2008 expenditures exceeded the amended budget allocations by \$ 729,312, as follows:

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
<u>General Fund</u>			
Stambaugh Elementary	\$ 1581858	\$ 1337775	\$ 244083
Class Size Reduction	108457	87087	21370
High School	1231024	1205302	25722
Reading First	158236	147241	10995
Title I	298309	229685	68624
Vocational Ed	444717	440000	4717
Board of Education	112329	103271	9058
Fiscal Services	228632	74932	153700
ATV Grant	4999	412	4587
Fund Modifications	211482	120000	91482

(Continued on page 57)

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

**Excess of Expenditures Over Appropriation in
Budgetary Funds (Continued)
Budget Violations (Continued)**

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
<u>Community Schools</u>			
Pre-Kindergarten	\$ 116958	\$ 116097	\$ 861
Development Kindergarten	78389	77348	1041
High School Completion	97	-0-	97
Adult Enrichment	13339	13272	67
School Administration	151576	109053	42523
Recreation	27581	25655	1926
<u>Food Service</u>			
Non-professional Salaries	162515	149416	13099
FICA/Retirement	43284	33478	9806
Other Benefits	10670	2300	8370
Purchased Services	10613	8570	2043
Supplies and Materials	235324	233625	1699

(Continued on page 58)

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

**Excess of Expenditures Over Appropriation in
Budgetary Funds (Continued)
Budget Violations (Continued)**

(Continued from previous page)

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
<u>Athletic Fund</u>			
Non-professional Salaries	\$ 23273	\$ 21526	\$ 1747
Other Benefits	136	99	37
Purchased Services	<u>45683</u>	<u>34025</u>	<u>11658</u>
Total	\$ <u>5299481</u>	\$ <u>4570169</u>	\$ <u>729312</u>

Fund Deficits

At June 30, 2008, the School District had no fund deficit in any fund.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of the federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

The School District's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

These three levels of risk are as follows:

Category 1

Deposits which are insured or collateralized with securities held by the School District or its agent in the School District's name.

Category 2

Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.

Category 3

Deposits which are not collateralized or insured.

Based on these three levels of risk, the School District's cash deposits are classified as follows:

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Totals</u>
Cash and Deposits	\$ 167244	\$ -0-	\$ 83053	\$ 250297

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$ 39367	\$ 210930	\$ 250297
Investments	<u>-0-</u>	<u>1287062</u>	<u>1287062</u>
Total	\$ <u>39367</u>	\$ <u>1497992</u>	\$ <u>1537359</u>

The breakdown between deposits and investments for the School District is as follows:

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (checking and savings accounts, certificates of deposit)	\$ 250023
Investment in securities, mutual funds, and similar	
Vehicles	1287062
Petty cash/Cash on hand	<u>274</u>
Total	\$ <u>1537359</u>

The deposits of the School District were reflected in the accounts of financial institutions at \$ 250,023, of which \$167,244 is covered by federal depository insurance.

INVESTMENTS

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are categorized into these categories of credit risk:

Category 1 - Insured or registered, or securities held by the School District or its agent in the School District's name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the School District's name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the School District's name.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2008, the School District's investment balances were categorized as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Investments	\$ 1287062	\$ -0-	\$ -0-	\$ 1287062	\$ 1287062

NOTE 4 - RECEIVABLES

Receivables as of year-end for the School District's individual major funds and the non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 4 – RECEIVABLES (CONTINUED)

	<u>General Fund</u>	<u>Non-major and Other Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 21778	\$ 5211	\$ 26989
Intergovernmental	1153536	8020	1161556
Other	<u>1881</u>	<u>9292</u>	<u>11173</u>
Total Receivables	\$ <u>1177195</u>	\$ <u>22523</u>	\$ <u>1199718</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 4 – RECEIVABLES (CONTINUED)

Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant and categorical aid payment not considered	\$ -0-	\$ -0-
Payments received prior to meeting all eligibility requirements	<u>-0-</u>	<u>10067</u>
Total	\$ <u>-0-</u>	\$ <u>10067</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity of the School District's governmental activities was as follows:

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Balance July 01, <u>2007</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	Balance June 30, <u>2008</u>
Assets not being depreciated:				
Land	\$ 245000	\$ -0-	\$ -0-	\$ 245000
Capital assets being depreciated:				
Land Improvements	247179	7953	-0-	255132
Building and building Improvements	10568530	22094	-0-	10590624
Buses and other vehicles	1007121	-0-	-0-	1007121
Furniture and equipment	<u>2377795</u>	<u>79655</u>	<u>-0-</u>	<u>2457450</u>
Subtotal	\$ 14200625	\$ 109702	\$ -0-	\$ 14310327
Accumulated Depreciation:				
Land Improvements	(125415)	(12118)	-0-	(137533)
Building and building Improvements	\$ (3719603)	\$ (210554)	\$ -0-	\$ (3930157)

(Continued on page 68)

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 5 – CAPITAL ASSETS (CONTINUED)

(Continued from previous page)

	Balance July 01, <u>2007</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	Balance June 30, <u>2008</u>
Accumulated Depreciation: (Continued)				
Buses and other vehicles	\$ (757446)	\$ (47640)	\$ -0-	\$ (805086)
Furniture and equipment	<u>(1692292)</u>	<u>(127665)</u>	<u>-0-</u>	<u>(1819957)</u>
Subtotal	\$ <u>(6294756)</u>	\$ <u>(397977)</u>	\$ <u>-0-</u>	\$ <u>(6692733)</u>
Net capital assets being depreciated	<u>7905869</u>	<u>(288275)</u>	<u>-0-</u>	<u>7617594</u>
Net capital assets	\$ <u>8150869</u>	\$ <u>(288275)</u>	\$ <u>-0-</u>	\$ <u>7862594</u>

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of inter-fund balances is as follows:

Do To/From Other Funds:

The amounts of inter-fund receivables and payables as of June 30, 2008 were as follows:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General fund	\$ 125744	\$ 124124
Food Service	-0-	52242
Student Activities	37858	510
Debt Retirement	58978	4100
Community Schools	28900	-0-
Capital Projects	30262	-0-
Athletics	510	56911
Scholarship Fund	<u>-0-</u>	<u>44365</u>
Totals	\$ <u><u>282252</u></u>	\$ <u><u>282252</u></u>

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Do To/From Other Funds: (Continued)

<u>Summary by Fund Type</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
Major Funds	\$ 243884	\$ 128224
Non-major Funds	510	109153
Fiduciary Funds	<u>37858</u>	<u>44875</u>
Totals	\$ <u>282252</u>	\$ <u>282252</u>

These receivables/payables are the result of revenues being posted to incorrect funds. Incorrect posting of property tax collections affects the General, Capital Projects, and Debt Retirement funds. In addition, the General Fund loaned funds to the Food Service and the Athletic Activities funds to meet the cash flow needs of these funds.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Operating Transfers

Inter-fund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the fiscal year ended June 30, 2008, the District authorized the following transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -0-	\$ 211482
Athletic Fund	119491	5858
Debt Retirement	53936	-0-
Food Service	<u>43913</u>	<u>-0-</u>
Totals	\$ <u>217340</u>	\$ <u>217340</u>

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Operating Transfers (Continued)

<u>Summary by Fund Type</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds	\$ 53936	\$ 211482
Non-major Funds	<u>163404</u>	<u>5858</u>
Totals	\$ <u>217340</u>	\$ <u>217340</u>

The General Fund transfers monies to the Athletic Fund and the Food Service Fund to avoid deficit spending. The General Fund and the Athletic Fund transfers monies as needed to the Debt Retirement Fund to provide for the payment of long-term debt.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Other Financing Sources (Uses)

The transfers of cash between various District funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

NOTE 7 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 7 – DEFERRED REVENUE (CONTINUED)

At June 30, 2008, the deferred revenue was as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund – Restricted federal revenue	\$ -0-	\$ 4219
Food Service – Student Lunch Cards	<u>-0-</u>	<u>5848</u>
Total	\$ <u>-0-</u>	\$ <u>10067</u>

NOTE 8 – LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination -benefits, and certain risk obligations.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Long-term obligation activity can be summarized as follows:

	Balance July 01, 2007	Additions	Deletions	Balance June 30, 2008
2007 Refunding Bonds	\$ 2975000	\$ -0-	\$ 235000	\$ 2740000
Durant Resolution Package Bonds	85979	-0-	-0-	85979
Long-Term Employee Benefits	2849327	196947	2053722	992552
Canon Copier Lease	1369	-0-	1369	-0-
Bleacher Refurbishing	10497	-0-	10497	-0-
Bus/Municipal Lease	<u>45854</u>	<u>-0-</u>	<u>45854</u>	<u>-0-</u>
Totals	\$ <u>5968026</u>	\$ <u>196947</u>	\$ <u>2346442</u>	\$ <u>3818531</u>

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 8 – LONG-TERM DEBT (CONTINUED)

2007 Refunding Bonds

On March 09, 2007, the West Iron County Public Schools issued 2007 Refunding Bonds in the amount of \$2,975,000. The bonds were issued to refund the 1997 Refunding Bonds, dated November 01, 1997 in the original amount of \$4,695,000. The 2007 bonds carry a maximum bond interest rate of 4.00%. Annual principal payments are due on May 01, with semi-annual interest due on May 01 and November 01 of each year.

The bond issue is qualified and eligible for participation in Michigan's School Loan Revolving Fund under Section 16, Article IX of the 1963 Constitution of the State of Michigan, and Act No. 92, Public Acts of 2005.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 8 – LONG-TERM DEBT (CONTINUED)

2007 Refunding Bonds (Continued)

Following is a schedule of the principal and interest requirements:

Payment Date	Principal Due	Interest Rate	Interest Due	Total Payment	Tax Year Total
11/01/08	\$		\$ 54,800.00	\$ 54,800.00	\$ 54,800.00
05/01/09	265,000.00	4.000%	54,800.00	319,800.00	
11/01/09			49,500.00	49,500.00	369,300.00
05/01/10	280,000.00	4.000%	49,500.00	329,500.00	
11/01/10			43,900.00	43,900.00	373,400.00
05/01/11	290,000.00	4.000%	43,900.00	333,900.00	
11/01/11			38,100.00	38,100.00	372,000.00
05/01/12	300,000.00	4.000%	38,100.00	338,100.00	
11/01/12			32,100.00	32,100.00	370,200.00
05/01/13	310,000.00	4.000%	32,100.00	342,100.00	
11/01/13			25,900.00	25,900.00	368,000.00
05/01/14	325,000.00	4.000%	25,900.00	350,900.00	
11/01/14			19,400.00	19,400.00	370,300.00
05/01/15	325,000.00	4.000%	19,400.00	344,400.00	
11/01/15			12,900.00	12,900.00	357,300.00
05/01/16	325,000.00	4.000%	12,900.00	337,900.00	
11/01/16			6,400.00	6,400.00	344,300.00
05/01/17	320,000.00	4.000%	6,400.00	326,400.00	
11/01/17			0.00	0.00	326,400.00
	<u>\$ 2,740,000.00</u>		<u>\$ 566,000.00</u>	<u>\$ 3,306,000.00</u>	<u>\$ 3,306,000.00</u>

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Durant Settlement

The Durant class-action lawsuit resulted in a judgment of \$212 million against the State of Michigan. The State mandated specific special education programs, but failed to compensate local districts for the increased costs of the mandated programs.

The local school districts that did not participate in the class-action lawsuit were offered a settlement in lieu of future litigation.

The Districts with settlement amounts greater than or equal to \$75,000 were to receive one-half of the settlement amount over a period of ten years beginning November 15, 1998.

Restrictions on the use of these funds are stated in 11f(6):school buses, electronic instructional material and software, school security, textbooks, technology, infrastructure or infrastructure improvement, training for technology, or to reduce or eliminate voter-approved debt that was issued prior to 11/19/97.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Durant Settlement (Continued)

The District opted to participate in a bonding program, whereby the District would receive bond proceeds equal to the other half of the settlement amount (\$145,612).

The bonds were issued through the Michigan Municipal Bond Authority as School Loan Revenue Bonds, Series 1998. The proceeds of the bonds were to be used for capital expenditures and to pay costs of bond issuance, and were not to be used for maintenance costs.

The Durant bonds are considered to be a legal obligation of the District. The annual State of Michigan appropriation is the only revenue source for making the annual debt service payment on the bonds. If the legislature fails to appropriate the funds, the District is under no obligation for payment.

School Improvement Bond Series 1998

Repayment of the Principal Amount shall be made according to the following revised schedule until the full Principal Amount is repaid.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 8 – LONG-TERM DEBT (CONTINUED)

School Improvement Bond, Series 1998 (Continued)

In the event that the Authority elects to adjust the interest rates payable on this bond, the Authority may prepare and substitute a new payment schedule reflecting such adjustment, a copy of which shall be sent to the School District and to the Authority's Depository.

The revised schedule is as follows:

Payment Dates	Amount of Principal		Total Principal Installment and Interest Payable
<u>Due on May 15</u>	<u>Installment</u>	<u>Interest</u>	
2009	\$ 8103.78	\$ 2121.81	\$ 10225.59
2010	50348.26	18354.22	68702.48
2011	8893.58	1331.75	10225.33
2012	9316.51	908.30	10224.81
2013	<u>9316.40</u>	<u>908.29</u>	<u>10224.69</u>
Total	\$ <u>85978.53</u>	\$ <u>23624.37</u>	\$ <u>109602.90</u>

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 8 – LONG-TERM DEBT (CONTINUED)

School Improvement Bond, Series 1998 (Continued)

Total Settlement Amount of \$ 291,224.00
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Bonded Settlement Amount of \$ 145,612.00

Annual Interest Rate is 4.761353%

Average Life of bonds is 6.783 years
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Canon Copier Lease

On October, 15, 2004, the **West Iron County Public School District** entered into a lease agreement with Canon Financial Services, Inc., to purchase a Canon copier. There are 36 monthly payments of \$ 273.92, beginning in November 2004. The final payment was made during the 2007-08 fiscal year.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Bleacher Refurbishing Loan

On September 14, 2004, the **West Iron County Public School District** received a loan from the Miners State Bank, in the amount of \$ 23,455.28, with an interest rate of 3.07 percent, for the bleacher refurbishing project. There were 5 annual payments of \$ 5,138.64, scheduled to begin September 15, 2005. The School District made the final payment of \$10,497 during the 2007-2008 fiscal year.

Miners State Bank – Bus Purchase Lease #324582

On July 29, 2005, the **West Iron County Public School District** entered into a **Municipal Lease and Option Agreement** with the Miners State Bank for the purchase of 2 new school buses in the principal amount of \$121,810. The lease carries an interest rate of 4.35%, with monthly payments of \$ 3,615.31 commencing on August 29, 2005. The final payment was made during the 2007-2008 fiscal year.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Long-Term Employee Benefits

Long-Term Sick Leave Payable	\$	585004
Long-Term Retirement Incentive Payable		<u>407548</u>
Total Long-Term Employee Benefits Payable	\$	992552

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 10 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN

The School District contributes to the Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension administered by the Michigan Department of Management and Budget, Office of Retirement Systems.

MPERS provides retirement, survivor, and disability benefits to public school employees. Eligibility and benefit provisions are governed under Public Act 136 of 1945, re-codified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. The annual report may be obtained by calling (517) 322-5103 or writing:

Department of Management and Budget
Office of Retirement Systems
P.O. Box 30673
Lansing, Michigan 48909-8103

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 10 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

The School District is required by state statute to contribute 17.74% of covered payroll from July 01, 2007 through September 30, 2007 decreasing to 16.72% from October 01, 2007 through June 30, 2008. Contributions to MPSERS are determined on an actuarial basis using the entry age normal actuarial cost method. Contribution requirements of plan members including the School District are established and may be amended only by state statute.

The School District's contributions to MPSERS for the years ending June 30, 2008, 2007, and 2006, were \$972,161, \$948,748, and \$885,872, respectively.

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 10 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rate: 3% of the first \$ 5,000; 3.6% of \$ 5,001 through \$15,000; 4.3% of all wages over \$ 15,000. Basic Plan members make no contributions. Contributions collected and remitted by the School District on behalf of MIP members for the years ending June 30, 2008, 2007, and 2006 were \$169,303, \$146,512 and \$148,218, respectively, equal to the required contributions for the year.

NOTE 11 – POST EMPLOYMENT BENEFITS

In addition to the pension benefits, MPSERS provides comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)

A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of the retiree. The portion provided by MPSERS is factored into the pension contribution rate.

NOTE 12 – RELATED PARTY TRANSACTIONS

Related parties exist when there is a relationship that offers the potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 12 – RELATED PARTY TRANSACTIONS (CONTINUED)

However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there were no related party transactions reported in the financial statements.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 13 – SUBSEQUENT EVENTS

At fiscal year ended June 30, 2008, there were no subsequent events that would have a significant effect on the District's operations.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectibility of any related receivable at June 30, 2008 may be impaired.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

JUNE 30, 2008

NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

REQUIRED SUPPLEMENTAL INFORMATION

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE – ALL GENERAL OPERATING FUNDS

YEAR ENDED JUNE 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE</u>			
Local Sources	\$ 2,421,611	\$ 2,525,979	\$ 2,598,260
State Sources	6,372,615	5,976,410	6,030,105
Federal Sources	655,909	694,859	667,893
Interdistrict and Other Sources	<u>256,669</u>	<u>230,865</u>	<u>295,868</u>
TOTAL REVENUE	\$ 9,706,804	\$ 9,428,113	\$ 9,592,126
<u>EXPENDITURES - CURRENT</u>			
Instruction :			
Basic Programs	3,933,609	3,947,256	4,155,122
Added Needs	2,125,107	2,033,555	2,015,390
Adult and Continuing Education	37,822	37,272	16,283
Supporting Services :			
Pupil	124,717	140,807	128,005
Instructional Staff	204,267	246,648	215,040
General Administration	292,030	284,860	285,024
School Administration	635,750	616,520	619,874
Business Services	224,124	74,932	228,632
Operation and Maintenance	1,041,822	1,055,400	1,048,958
Transportation	595,521	624,939	519,966
Other Supporting Services	73,196	72,046	63,104
Community Services	169,911	124,816	114,399
Intergovernmental Payments			
Other	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	\$ 9,457,876	\$ 9,259,051	\$ 9,409,797
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	-	14,000	-
Operating Transfers (Out)	(145,848)	(120,000)	(211,482)
NET CHANGE IN FUND BALANCE	103,080	63,062	(29,153)
FUND BALANCE - BEGINNING OF YEAR	<u>174,694</u>	<u>174,694</u>	<u>174,694</u>
FUND BALANCE - END OF YEAR	<u>\$ 277,774</u>	<u>\$ 237,756</u>	<u>\$ 145,541</u>

The notes to the financial statements are an integral part of this report.

OTHER SUPPLEMENTAL INFORMATION

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

OTHER SUPPLEMENTAL INFORMATION

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>Special Revenue Funds</u>		
	<u>Food Service</u>	<u>Athletics</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments (Note 3)	\$ 44,035	\$ 56,401	\$ 100,436
Accounts Receivable	17,312	-	17,312
Due from Other Funds		510	510
Inventories	6,680	-	6,680
TOTAL ASSETS	<u>\$ 68,027</u>	<u>\$ 56,911</u>	<u>\$ 124,938</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable	1,132	-	1,132
Accrued Employee Benefits	8,641	-	8,641
Accrued Sales Tax	164	-	164
Deferred Revenue	5,848	-	5,848
Due to Other Funds	52,242	56,911	109,153
TOTAL LIABILITIES	<u>\$ 68,027</u>	<u>\$ 56,911</u>	<u>\$ 124,938</u>
<u>FUND BALANCES</u>			
Reserved for Food Services	-		-
Reserved for Athletics		-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 68,027</u>	<u>\$ 56,911</u>	<u>\$ 124,938</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

OTHER SUPPLEMENTAL INFORMATION

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2008

	<u>Special Revenue Funds</u>		
	<u>Food Service</u>	<u>Athletics</u>	<u>Total</u>
<u>REVENUE</u>			
Local Revenue	\$ 132,640	\$ 70,097	\$ 202,737
State Revenue	48,075	-	48,075
Federal Revenue	269,487	-	269,487
TOTAL REVENUE	\$ 450,202	\$ 70,097	\$ 520,299
<u>EXPENDITURES</u>			
Current:			
Salaries	162,515	84,354	246,869
FICA/Retirement	43,284	19,899	63,183
Insurance	53,922	488	54,410
Other Benefits	10,670	136	10,806
Purchased Services	10,613	45,683	56,296
Supplies and Materials	235,324	27,757	263,081
Capital Outlay	-	-	-
Other	889	6,734	7,623
TOTAL EXPENDITURES	\$ 517,217	\$ 185,051	\$ 702,268
Excess (Deficiency) of Revenues Over Expenditures	(67,015)	(114,954)	(181,969)
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	43,913	119,491	163,404
Operating transfers out	-	(5,858)	(5,858)
Total Other Financing Sources (Uses)	43,913	113,633	157,546
Net Change in Fund Balances	(23,102)	(1,321)	(24,423)
FUND BALANCES - BEGINNING OF YEAR	23,102	1,321	24,423
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

ALL GENERAL OPERATING FUNDS – COMBINING BALANCE SHEET

JUNE 30, 2008

	GENERAL FUND	COMMUNITY SCHOOL FUND	TOTAL
<u>ASSETS</u>			
Cash and Deposits	\$ (433,687)	\$ 94,816	\$ (338,871)
Taxes Receivable	21,778		21,778
Accounts Receivable :			
Federal	23,066	-	23,066
State	1,108,205	22,265	1,130,470
Other	1,725	156	1,881
Due From Other Funds	125,744	28,900	154,644
Inventory	10,136	640	10,776
Prepaid Expenses	40,125	-	40,125
TOTAL ASSETS	<u>\$ 897,092</u>	<u>\$ 146,777</u>	<u>\$ 1,043,869</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accrued Benefits	476,613	-	476,613
Accounts Payable	33,953	-	33,953
Salaries Payable	249,852	9,567	259,419
Deferred Revenue	4,219	-	4,219
Due To Other Funds	124,124	-	124,124
TOTAL LIABILITIES	888,761	9,567	898,328
<u>FUND EQUITY</u>			
Fund Balance, Unreserved	8,331	137,210	145,541
TOTAL FUND EQUITY	8,331	137,210	145,541
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 897,092</u>	<u>\$ 146,777</u>	<u>\$ 1,043,869</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**ALL GENERAL OPERATING FUNDS - COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE**

JUNE 30, 2008

	GENERAL FUND	COMMUNITY SCHOOL FUND	TOTAL
<u>REVENUES</u>			
Local Sources			
Current Tax Levy	\$ 2,260,978	\$ -	\$ 2,260,978
Other Local Revenue	264,099	120,183	384,282
State Sources			
State Aid, Unrestricted	5,075,123	256,310	5,331,433
Restricted Grants	568,134	122,400	690,534
Other State Revenue	-	8,138	8,138
Federal Sources			
Restricted - Received through State	544,283	-	544,283
Other Federal Revenue	117,634	5,976	123,610
Intergovernmental	<u>229,074</u>	<u>19,794</u>	<u>248,868</u>
TOTAL REVENUE	9,059,325	532,801	9,592,126
<u>OTHER FINANCING SOURCES</u>			
Operating Transfer In	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	9,059,325	532,801	9,592,126
<u>EXPENDITURES</u>			
Educational			
Instructional	5,975,068	211,727	6,186,795
Supporting Services	2,893,923	214,680	3,108,603
Community Services	<u>86,818</u>	<u>27,581</u>	<u>114,399</u>
TOTAL EXPENDITURES	8,955,809	453,988	9,409,797
<u>OTHER FINANCING USES</u>			
Fund Modifications	211,482	-	211,482
Payments to Other Governmental Units	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING USES	211,482	-	211,482
TOTAL EXPENDITURES AND OTHER FINANCING USES	9,167,291	453,988	9,621,279
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(107,966)	78,813	(29,153)
FUND BALANCE, JULY 1	<u>116,297</u>	<u>58,397</u>	<u>174,694</u>
FUND BALANCE, JUNE 30	<u>\$ 8,331</u>	<u>\$ 137,210</u>	<u>\$ 145,541</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

ALL SPECIAL REVENUE FUNDS – COMBINING BALANCE SHEET

JUNE 30, 2008

<u>ASSETS</u>	FOOD SERVICE FUND	ATHLETIC FUND	TOTAL
Cash	\$ 44,035	\$ 56,401	\$ 100,436
Accounts Receivable :			
Federal	4,499	-	4,499
State	3,521	-	3,521
Other	9,292	-	9,292
Inventory	6,680	-	6,680
Due from Other Funds	-	510	510
TOTAL ASSETS	<u>\$ 68,027</u>	<u>\$ 56,911</u>	<u>\$ 124,938</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accounts Payable	1,132	-	1132
Accrued Employee Benefits	8,641	-	8641
Accrued Sales Tax	164	-	164
Due to Other Funds	52,242	56,911	109153
Deferred Revenue	5,848	-	5848
TOTAL LIABILITIES	68,027	56,911	124938
<u>FUND EQUITY</u>			
Fund Balance, Reserved	-	-	-
TOTAL FUND EQUITY	-	-	-
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 68,027</u>	<u>\$ 56,911</u>	<u>\$ 124,938</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**ALL SPECIAL REVENUE FUNDS – COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE**

FISCAL YEAR ENDED JUNE 30, 2008

	FOOD SERVICE FUND	ATHLETIC FUND	TOTAL
<u>REVENUES</u>			
Local Sources			
Student Lunches / Breakfast	\$ 117,246	\$ -	\$ 117,246
Adult Lunches	4,987	-	4,987
Milk and Ala Carte Sales	2,758	-	2,758
General Admissions and Other	7,649	70,097	77,746
	<hr/>	<hr/>	<hr/>
Total Local Sources	132,640	70,097	202,737
State Sources			
School Breakfast Program	32,101	-	32,101
School Lunch Program	15,974	-	15,974
	<hr/>	<hr/>	<hr/>
Total State Sources	48,075	-	48,075
Federal Sources			
Restricted - Received through State	244,645	-	244,645
USDA Entitlement Commodities	24,842	-	24,842
USDA Bonus Commodities	-	-	-
	<hr/>	<hr/>	<hr/>
Total Federal Sources	269,487	-	269,487
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	450,202	70,097	520,299
<u>EXPENDITURES</u>			
Professional Salaries	-	61,081	61,081
Nonprofessional Salaries	162,515	23,273	185,788
FICA/Retirement	43,284	19,899	63,183
Insurance	53,922	488	54,410
Other Benefits	10,670	136	10,806
Purchased Services	10,613	45,683	56,296
Supplies and Materials	235,324	27,757	263,081
Capital Outlay	-	-	-
Other	889	6,734	7,623
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 517,217	\$ 185,051	702,268
Excess of Revenues Over (Under)	(67,015)	(114,954)	(181,969)
Expenditures			

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**ALL SPECIAL REVENUE FUNDS – COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008

	FOOD SERVICE FUND	ATHLETIC FUND	TOTAL
Other Financing Sources (Uses)			
Operating Transfers In	\$ 43,913	\$ 119,491	\$ 163,404
Operating Transfers (Out)	-	(5,858)	(5,858)
Total Other Financing Sources (Uses)	43,913	113,633	157,546
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (23,102)	 (1,321)	 (24,423)
 FUND BALANCE, JULY 1	 23,102	 1,321	 24,423
FUND BALANCE, JUNE 30	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

GENERAL FUND - COMPARATIVE BALANCE SHEET

JUNE 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Deposits	\$ (433,687)	\$ (20,208)
Accounts Receivable :		
Federal	23,066	36,754
State	1,108,205	1,018,234
Other	1,725	26,268
Taxes Receivable	21,778	155,420
Due From Other Funds	125,744	12,774
Inventory	10,136	13,707
Prepaid Expenses	<u>40,125</u>	<u>144,365</u>
TOTAL ASSETS	<u>\$ 897,092</u>	<u>\$ 1,387,314</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accrued Benefits	476,613	607,844
Accounts Payable	33,953	12,683
Salaries Payable	249,852	619,805
Due To Other Funds	124,124	19,893
Deferred Revenue	<u>4,219</u>	<u>10,792</u>
TOTAL LIABILITIES	<u>\$ 888,761</u>	<u>\$ 1,271,017</u>
<u>FUND EQUITY</u>		
Fund Balance, Unreserved & Undesignated	<u>8,331</u>	<u>116,297</u>
TOTAL FUND EQUITY	<u>8,331</u>	<u>116,297</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 897,092</u>	<u>\$ 1,387,314</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

GENERAL FUND - SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED TO BUDGET

FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>REVENUES</u>				
<u>LOCAL SOURCES</u>				
Current Tax Levy	\$ 2,260,978	\$ 2,278,576	\$ (17,598)	\$ 2,187,002
Other Taxes	31,857	-	31,857	-
Penalties and Interest on Dlg Taxes	8,644	6,000	2,644	
Interest Income	17,388	10,000	7,388	22,910
Other Local Revenue	76,567	46,000	30,567	106,800
Internet	79,173	100,000	(20,827)	101,233
Driver Education Fees	20,180	19,500	680	20,266
Miscellaneous Sales	30,290	15,000	15,290	49,149
TOTAL REVENUES FROM LOCAL SOURCES	2,525,077	2,475,076	50,001	2,487,360
<u>STATE SOURCES</u>				
Foundation Allowance	5,075,123	5,305,435	(230,312)	5,376,889
At Risk	236,522	355,278	(118,756)	275,667
Special Education	282,245	44,714	237,531	243,674
Middle School Math Initiative	-	-	-	12,194
Vocational Education	-	6,609	(6,609)	6,609
Isolated Districts	34,806	-	34,806	-
Restricted State Aid - Durant	14,561	14,561	-	14,561
TOTAL REVENUES FROM STATE SOURCES	5,643,257	5,726,597	(83,340)	5,929,594
<u>FEDERAL SOURCES</u>				
Title I	298,309	278,885	19,424	255,005
Title I Carryover	-	-	-	12,753
Title II Part A	87,087	87,087	-	87,661
Title II Part A Carryover	-	-	-	2,231
Title II Part D	2,506	2,506	-	2,722
Title V Part A	3,951	3,951	-	4,173
Title V Carryover	-	-	-	5,513
Schools and Roads Grant	106,172	125,000	(18,828)	110,208
Reading First	152,430	152,430	-	150,525
FIA - Strong Families/Safe Children	-	-	-	2,426
USAF Funds	11,462	20,000	(8,538)	19,826
ATV Grant	-	-	-	3,020
TOTAL REVENUES FROM FEDERAL SOURCES	661,917	669,859	(7,942)	656,063
TOTAL REVENUES	\$ 8,830,251	\$ 8,871,532	\$ (41,281)	\$ 9,073,017

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**GENERAL FUND -SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED TO
BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	<u>FISCAL YEAR ENDED JUNE 30, 2008</u>			<u>FISCAL YEAR ENDED 6/30/2007</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	
<u>OTHER FINANCING SOURCES</u>				
Operating Transfer In	\$ -	\$ 14,000	\$ (14,000)	\$ 119,542
Payments From Other Governmental Units :				
Federal Sources	41,240	37,000	4,240	39,083
State Sources	181,447	140,000	41,447	176,586
Other Sources	<u>6,387</u>	<u>1,365</u>	<u>5,022</u>	<u>7,462</u>
Total Payments From Other Governmental Units	229,074	178,365	\$ 50,709	223,131
 TOTAL OTHER FINANCING SOURCES	 229,074	 192,365	 36,709	 342,673
 TOTAL REVENUES AND OTHER FINANCING SOURCES	 <u>\$ 9,059,325</u>	 <u>\$ 9,063,897</u>	 <u>\$ (4,572)</u>	 <u>\$ 9,415,690</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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GENERAL FUND -SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL COMPARED TO BUDGET

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

<u>INSTRUCTION</u>	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<u>BASIC PROGRAMS</u>				
<u>Elementary</u>				
Stambaugh Elementary				
Professional Salaries	\$ 997,652	\$ -	\$ -	\$ 924,437
Insurance	230,530			266,163
FICA / Retirement	230,361	-	-	237,169
Other Benefits	69,138			138,382
Purchased Services	11,910	-	-	15,157
Supplies and Materials	41,914			38,610
Other	353	-	-	647
Total Stambaugh Elementary	1,581,858	1,337,775	(244,083)	1,620,565
Class Size Reduction				
Professional Salaries	76,420	-	-	60,480
Insurance	13,387			14,127
FICA / Retirement	18,650	-	-	15,285
Other Benefits	-			-
Purchased Services	-	-	-	-
Total Class Size Reduction	108,457	87,087	(21,370)	89,892
Total Elementary	1,690,315	1,424,862	(265,453)	1,710,457
<u>Middle School</u>				
Professional Salaries	640,930	-	-	639,358
Insurance	155,162			188,671
FICA / Retirement	151,259	-	-	162,172
Other Benefits	47,360			14,389
Purchased Services	13,829	-	-	9,324
Supplies and Materials	29,492			50,391
Capital Outlay	-			-
Other	404	-	-	1,470
Total Middle School	\$ 1,038,436	\$ 1,123,647	\$ 85,211	\$ 1,065,775

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

GENERAL FUND -SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL COMPARED TO BUDGET(CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

INSTRUCTION (continued)	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<u>BASIC PROGRAMS</u>				
<u>High School</u>				
Professional Salaries	\$ 742,341	\$ -	\$ -	\$ 802,126
Insurance	178,321			216,152
FICA / Retirement	175,266	-	-	202,688
Other Benefits	47,156			60,197
Purchased Services	77,298	-	-	67,331
Supplies and Materials	7,622			12,868
Capital Outlay	-		-	-
Other	3,020	-	-	4,161
Total High School	1,231,024	1,205,302	(25,722)	1,365,523
TOTAL BASIC PROGRAMS	\$ 3,959,775	\$ 3,753,811	\$ (205,964)	\$ 4,141,755
<u>ADDED NEEDS</u>				
<u>Special Education</u>				
Professional Salaries	\$ 521,058	\$ -	\$ -	\$ 504,991
Nonprofessional Salaries	49,499			59,311
Insurance	169,791	-	-	204,644
FICA / Retirement	134,141			141,081
Other Benefits	45,997			15,722
Purchased Services	5,515	-	-	7,772
Supplies and Materials	5,119			4,104
Other	756	-	-	696
Total Special Education	931,876	940,152	8,276	938,321
Reading First				
Professional Salaries	70,356	-	-	65,179
Insurance	16,068			15,646
FICA/Retirement	17,143	-	-	16,753
Other Benefits	-			100
Purchased Services	6,775	-	-	12,441
Supplies and Materials	37,239			31,078
Capital Outlay	-			-
Other	10,655	-	-	9,499
Total Reading First	158,236	147,241	(10,995)	150,696
Compensatory Education				
<u>Title I</u>				
Professional Salaries	135,290	-	-	109,494
Nonprofessional Salaries	38,407			39,707
Insurance	68,429	-	-	60,730
FICA / Retirement	41,321			37,724
Other Benefits	608	-	-	400
Purchased Services	14,005			14,765
Supplies and Materials	249			3,983
Other	-	-	-	955
Total Compensatory Education	\$ 298,309	\$ 229,685	\$ (68,624)	\$ 267,758

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

INSTRUCTION (continued)	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<u>ADDED NEEDS</u>				
Driver Education				
Professional Salaries	\$ 11,880	\$ -	\$ -	\$ 12,664
Insurance	598			626
FICA/Retirement	2,902			3,180
Purchased Services	-			1,391
Supplies and Materials	2,519	-	-	1,357
Capital Outlay	-			8,092
Other	-			1,598
	17,899	22,138	4,239	28,908
Total Driver Education				
	17,899	22,138	4,239	28,908
Vocational Education				
Professional Salaries	221,940	-	-	212,424
Nonprofessional Salaries	18,659			17,953
Insurance	71,142	-	-	74,543
FICA / Retirement	58,112			57,849
Other Benefits	156			50
Purchased Services	22,709	-	-	19,108
Supplies and Materials	46,154			42,692
Capital Outlay	3,258			18,528
Other	2,587	-	-	2,511
	\$ 444,717	\$ 440,000	\$ (4,717)	\$ 445,658
Total Vocational Education				
	\$ 444,717	\$ 440,000	\$ (4,717)	\$ 445,658
At Risk				
Professional Salaries	\$ 84,389	\$ -	\$ -	\$ 116,631
Nonprofessional Salaries	18,687			49,912
Insurance	35,444	-	-	61,318
FICA / Retirement	24,943			41,147
Other Benefits	-	-	-	-
Purchased Services				6,180
Supplies and Materials	-	-	-	479
Other	793	-	-	
	164,256	254,339	90,083	275,667
Total At Risk				
	164,256	254,339	90,083	275,667
TOTAL ADDED NEEDS	2,015,293	2,033,555	18,262	2,107,008
TOTAL INSTRUCTION	\$ 5,975,068	\$ 5,787,366	\$ (187,702)	\$ 6,248,763

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<u>SUPPORTING SERVICES</u>				
<u>PUPIL SERVICES</u>				
Guidance				
Professional Salaries	\$ 31,599	\$ -	\$ -	\$ 28,081
Insurance	6,961			7,045
FICA / Retirement	8,365	-	-	5,949
Other Benefits	-			8,500
Purchased Services	175	-	-	828
Supplies and Materials	531			2,002
Other	147	-	-	60
Total Guidance	47,778	52,871	5,093	52,465
Health Services				
Professional Salaries	70	-	-	325
FICA/Retirement	5			83
Purchased Services	2,955			4,286
Supplies and Materials	58	-	-	739
Other	1,097			2,159
Total Health Services	\$ 4,185	\$ 6,766	\$ 2,581	\$ 7,592
<u>PUPIL SERVICES</u>				
Other Pupil Services				
Professional Salaries	\$ 24,389	\$ -	\$ -	\$ 18,262
Nonprofessional Salaries	18,972			21,288
Insurance	19,325	-	-	15,000
FICA / Retirement	10,464			9,901
Other Benefits	28			-
Purchased Services	1,000	-	-	1,000
Supplies and Materials	280			2,954
Other	1,584	-	-	1,686
Total Other Pupil Services	76,042	81,170	5,128	70,091
TOTAL PUPIL SERVICES	\$ 128,005	\$ 140,807	\$ 12,802	\$ 130,148

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

SUPPORTING SERVICES (continued)	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<u>INSTRUCTIONAL STAFF</u>				
Library				
Professional Salaries	\$ -	\$ -	\$ -	\$ 53,720
Nonprofessional Salaries	26,974			
Insurance	11,935			14,091
FICA / Retirement	7,431	-	-	13,524
Other Benefits	21,861			-
Purchased Services				1,412
Supplies and Materials	2,609	-	-	6,266
Capital Outlay	-			-
Other	-	-	-	-
Total Library	\$ 70,810	\$ 96,209	\$ 25,399	\$ 89,013
Technology				
Professional Salaries	37,606	-	-	44,672
Nonprofessional Salaries	3,717			3,456
Insurance	15,546	-	-	14,551
FICA / Retirement	10,185			11,921
Other Benefits	32			100
Purchased Services		-	-	22,902
Supplies and Materials	19,936			7,827
Capital Outlay	52,338			39,625
Other	742	-	-	-
Total Technology	\$ 140,102	\$ 144,414	\$ 4,312	\$ 145,054
School Improvement				
Nonprofessional Salaries		\$ -	\$ -	\$ 9,716
FICA / Retirement				2,592
Other Benefits				100
Purchased Services	-	-	-	-
Total School Improvement	-		-	12,408
Professional Development				
Professional Salaries	-	-	-	2,000
FICA/Retirement	-			508
Purchased Services	4,128	-		3,600
Other	-	-	-	620
Total Professional Development	4,128	6,025	1,897	6,728
TOTAL INSTRUCTIONAL STAFF	\$ 215,040	\$ 246,648	\$ 31,608	\$ 253,203

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
<u>SUPPORTING SERVICES (continued)</u>	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<u>GENERAL ADMINISTRATION</u>				
Board of Education				
Nonprofessional Salaries	\$ 3,985	\$ -	\$ -	\$ 4,095
Insurance	27,629			12,350
Purchased Services	79,791			87,088
Supplies and Materials	741			1,373
Other	183	-	-	6,975
Total Board of Education	112,329	103,271	(9,058)	111,881
Executive Administration				
Professional Salaries	85,000	-	-	82,911
Nonprofessional Salaries	29,949			29,803
Insurance	27,389			28,683
FICA / Retirement	27,480	-	-	28,916
Other Benefits	84			10,125
Supplies and Materials	-			-
Capital Outlay	-			-
Other	2,793	-	-	2,159
Total Executive Administration	172,695	181,589	8,894	182,597
TOTAL GENERAL ADMINISTRATION	\$ 285,024	\$ 284,860	\$ (164)	\$ 294,478
<u>SCHOOL ADMINISTRATION</u>				
Office of the Principal				
Professional Salaries	\$ 217,566	\$ -	\$ -	\$ 214,285
Nonprofessional Salaries	98,600			94,919
Insurance	63,077			74,906
FICA / Retirement	59,552	-	-	77,747
Other Benefits	4,281			5,825
Purchased Services	5,778			18,242
Supplies and Materials	15816	-	-	9,386
Capital Outlay	1,500			2,011
Other	2,128	-	-	4,787
Total Office of the Principal	468,298	507,467	39,169	502,108
TOTAL SCHOOL ADMINISTRATION	\$ 468,298	\$ 507,467	\$ 39,169	\$ 502,108

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<u>SUPPORTING SERVICES (continued)</u>				
<u>BUSINESS SERVICES</u>				
Fiscal Services				
Nonprofessional Salaries	\$ 76,292	\$ -	\$ -	\$ 65,092
Insurance	29,490			18,424
FICA/Retirement	18,782			16,213
Other Benefits	944	-	-	1,600
Purchased Services	15,079			6,171
Supplies and Materials	26,718			12,788
Capital Outlay	10,995			4,557
Other	50,332	-	-	22,772
Total Fiscal Services	228,632	74,932	(153,700)	147,617
TOTAL BUSINESS SERVICES	\$ 228,632	\$ 74,932	\$ (153,700)	\$ 147,617
<u>OPERATIONS AND MAINTENANCE</u>				
Nonprofessional Salaries	385,992	-	-	387,097
Insurance	178,305			222,174
FICA / Retirement	90,626	-	-	96,198
Other Benefits	18,612			18,333
Purchased Services	310,543			316,062
Supplies and Materials	45,309	-	-	31,827
Capital Outlay	13,873			-
Other	5,698	-	-	3,486
TOTAL OPERATIONS AND MAINTENANCE	\$ 1,048,958	\$ 1,055,400	\$ 6,442	\$ 1,075,177
<u>PUPIL TRANSPORTATION</u>				
Nonprofessional Salaries	\$ 245,761	\$ -	\$ -	\$ 257,098
Insurance	110,745			125,592
FICA / Retirement	56,835			63,093
Other Benefits	11,358	-	-	11,783
Purchased Services	14,070			15,951
Supplies and Materials	79,991			72,961
Capital Outlay	-			70,248
Other	1,206	-	-	1,454
TOTAL PUPIL TRANSPORTATION	519,966	624,939	104,973	618,180
TOTAL SUPPORTING SERVICES	\$ 2,893,923	\$ 2,935,053	\$ 41,130	\$ 3,020,911

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

<u>SUPPORTING SERVICES (continued)</u>	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/2007
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<u>COMMUNITY SERVICES</u>				
ATV Grant				
Professional Salaries	\$ -	\$ -	\$ -	\$ -
Nonprofessional Salaries	4,000			
FICA/Retirement	999	-	-	
Purchased Services				
Supplies and Materials				
Capital Outlay	-			-
Other	-	-	-	-
Total ATV Grant	4,999	412	(4,587)	-
Internet Services				
Professional Salaries	300	-	-	1,200
FICA/Retirement	146			305
Purchased Services	81,373			108,716
Supplies and Materials	-			663
Capital Outlay	-	-	-	4,129
Total Internet Services	\$ 81,819	\$ 98,749	\$ 16,930	\$ 115,013
FIA Strong Families-Safe Children				
Nonprofessional Salaries	\$ -	\$ -	\$ -	\$ 1,922
FICA/Retirement		-	-	459
Other Benefits				16
Purchased Services		-	-	29
Total Bob Loo Building	-		-	2,426
Civic Activities				
Nonprofessional Salaries	-			90
FICA/Retirement	-	-	-	23
Total Civic Activities	-		-	113
TOTAL COMMUNITY SERVICES	86,818	99,161	12,343	117,552
TOTAL EXPENDITURES	\$ 8,955,809	\$ 8,821,580	\$ (134,229)	\$ 9,387,226

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL
COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	<u>FISCAL YEAR ENDED JUNE 30, 2008</u>			<u>FISCAL YEAR ENDED 6/30/2007</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE Favorable (Unfavorable)</u>	
<u>OTHER FINANCING USES</u>				
Fund Modifications				
Transfer to Food Service	\$ 43,913	\$ -	\$ (43,913)	\$ -
Transfer to Athletic Fund	119,491	120,000	509	120,000
Transfer to Debt Retirement Fund	48,078	-	(48,078)	46,397
Total Fund Modifications	211,482	120,000	(91,482)	166,397
Payments to Other Governmental Units				
DIISD - Special Education Chargeback			-	25,848
Payments to Non-Governmental Funds	-	-	-	-
TOTAL OTHER FINANCING USES	211,482	120,000	(91,482)	192,245
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 9,167,291	\$ 8,941,580	\$ (225,711)	\$ 9,579,471

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

COMMUNITY SCHOOL FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 94,816	\$ 31,744
Accounts Receivable :		
Federal		-
State	22,265	21,610
Other	156	3,813
Due from Other Funds	28,900	5,195
Inventory	<u>640</u>	<u>640</u>
TOTAL ASSETS	<u>\$146,777</u>	<u>\$ 63,002</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Due to Other Funds	-	624
Salaries Payable	9,567	-
Deferred Revenue	<u>-</u>	<u>3,981</u>
TOTAL LIABILITIES	9,567	4,605
<u>FUND EQUITY</u>		
Fund Balance - Unreserved	<u>137,210</u>	<u>58,397</u>
TOTAL FUND EQUITY	137,210	58,397
TOTAL LIABILITIES AND FUND EQUITY	<u>\$146,777</u>	<u>\$ 63,002</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

COMMUNITY SCHOOL FUND - STATEMENT OF REVENUES – ACTUAL COMPARED TO BUDGET

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE / UNFAVORABLE	
REVENUES				
Local Sources				
Tuition	\$ 19,837	\$ -	\$ -	\$ 11,805
Interest	1,885			2,538
Other Income / Grants	44,087			26,045
Day Care Program	54,374			52,644
Total Local Sources	120,183	85,903	34,280	93,032
State Sources				
Foundation Allowance Grant	256,310	-	-	288,158
Restricted Grants -				
Adult Education				-
At Risk - Pre Kindergarten	122,400			118,800
GED Testing	2,896			3,128
Child Care	5,242	-	-	4,388
Total State Sources	386,848	249,813	137,035	414,474
Federal Sources				
JTPA Nurses' Aid Grant	5,976			11,501
Make a Link Grant	-			
Total Federal Sources	5,976	25,000	(19,024)	11,501
TOTAL REVENUES	513,007	360,716	152,291	519,007
OTHER FINANCING SOURCES				
Transfers In from Other Funds	-	-	-	-
Payments from Other Governmental Units -				
Local Sources	19,794			25,076
TOTAL OTHER FINANCING SOURCES	19,794	17,500	2,294	25,076
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 532,801	\$ 378,216	\$ 154,585	\$ 544,083

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

COMMUNITY SCHOOL FUND - STATEMENT OF EXPENDITURES – ACTUAL COMPARED TO BUDGET

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL
			VARIANCE	YEAR
			FAVORABLE	ENDED
	ACTUAL	BUDGET	(UNFAVORABLE)	6/30/07
INSTRUCTION				
<u>Basic Programs</u>				
Pre-Kindergarten				
Professional Salaries	\$ 47,459	\$ -	\$ -	\$ 47,691
Nonprofessional Salaries	28,487			23,672
FICA/Retirement	18,367			17,591
Insurance	13,934	-		20,305
Purchased Services	-			156
Supplies and Materials	8,186			8,897
Capital Outlay	-			-
Other	525	-		647
Total Pre-Kindergarten	116,958	116,097	(861)	118,959
Developmental Kindergarten				
Professional Salaries	31,855	-	-	29,308
Nonprofessional Salaries	20,402			21,050
FICA/Retirement	12,756			12,471
Insurance	12,390	-	-	14,348
Other Benefits	-			100
Supplies and Materials	986			244
Other	-	-	-	290
Total Developmental Kindergarten	78,389	77,348	(1,041)	77,811
Total Basic Programs	195,347	193,445	(1,902)	196,770
<u>Added Needs</u>				
High School Completion				
Professional Salaries	78	-	-	-
Nonprofessional Salaries	-			
FICA/Retirement	19			
Other	-	-	-	
Total Alternative Education	97	-	(97)	-
Total Added Needs	\$ 97	\$ -	\$ (97)	\$ -

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

**COMMUNITY SCHOOL FUND - STATEMENT OF EXPENDITURES – ACTUAL COMPARED
TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL
			VARIANCE	YEAR
			FAVORABLE	ENDED
	ACTUAL	BUDGET	(UNFAVORABLE)	6/30/07
<u>INSTRUCTION (continued)</u>				
<u>Adult Education</u>				
Adult Enrichment				
Professional Salaries	\$ 1,606	\$ -	\$ -	\$ 1,507
Nonprofessional Salaries	5,091			5,803
FICA/Retirement	1,162			1,684
Other Benefits	-	-	-	2,896
Purchased Services	3,099			1,807
Supplies and Materials	2,193			895
Other	188	-	-	968
Total Adult Enrichment	13,339	13,272	(67)	15,560
Nurses' Aid Program				
Purchased Services	-			22,487
Supplies and Materials	2,944			2,872
Other	-	-	-	-
Total Nurses' Aid Program	2,944	24,000	21,056	25,359
Total Adult Education	16,283	37,272	20,989	40,919
TOTAL INSTRUCTION	211,727	230,717	18,990	237,689
<u>SUPPORTING SERVICES</u>				
<u>School Administration</u>				
Professional Salaries	\$ 21,259	\$ -	\$ -	\$ 21,454
Nonprofessional Salaries	13,180			15,280
Insurance	19,343			15,255
FICA/Retirement	8,386	-	-	9,108
Other Benefits	340			-
Purchased Services	79,254			38,117
Supplies and Materials	8,181	-	-	2,047
Capital Outlay	-			1,845
Other	1,633	-	-	742
Total School Administration	\$ 151,576	\$ 109,053	\$ (42,523)	\$ 103,848

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**COMMUNITY SCHOOL FUND - STATEMENT OF EXPENDITURES – ACTUAL COMPARED
TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>Daycare Program</u>				
Professional Salaries	\$ 3,172	\$ -	\$ -	\$ 3,005
Nonprofessional Salaries	45,465			45,330
FICA/Retirement	11,900			12,075
Other Benefits	-	-	-	1,780
Purchased Services	-			-
Supplies and Materials	2,492			1,153
Other	75	-	-	809
Total Daycare Program	63,104	72,046	8,942	64,152
TOTAL SUPPORTING SERVICES	214,680	181,099	(33,581)	168,000
<u>COMMUNITY SERVICES</u>				
Recreation				
Professional Salaries	420	-	-	-
Nonprofessional Salaries	2,403			4,211
FICA/Retirement	964			487
Purchased Services	1,716	-	-	2,945
Supplies and Materials	21,724			5,469
Other	354			8,432
TOTAL COMMUNITY SERVICES	27,581	25,655	(1,926)	21,544
TOTAL EXPENDITURES	\$ 453,988	\$ 437,471	\$ (16,517)	\$ 427,233
OTHER FINANCING USES				
Transfers to Other Funds	-	-	-	119,542
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 453,988	\$ 437,471	\$ (16,517)	\$ 546,775

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

FOOD SERVICE FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 44,035	\$ 10,239
Accounts Receivable		
Federal	4499	5748
State	3521	4038
Other	9292	8228
Inventory	6680	7807
Due from Other Funds		624
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 68,027</u>	<u>\$ 36,684</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accounts Payable	1,132	3,318
Due to Other Funds	52,242	4,706
Accrued Employee Benefits	8,641	
Accrued Sales Tax	164	3
Deferred Revenue	5,848	5,555
	<u> </u>	<u> </u>
TOTAL LIABILITIES	68,027	13,582
<u>FUND EQUITY</u>		
Fund Balance, Reserved	<u>-</u>	<u>13,582</u>
TOTAL FUND EQUITY	<u>-</u>	<u>23,102</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 68,027</u>	<u>\$ 36,684</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**FOOD SERVICE FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - ACTUAL COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
REVENUES				
Local Sources				
Student Lunches / Breakfast	\$ 117,246	\$ 116,000	\$ 1,246	\$117,749
Adult Lunches	4,987	5,500	(513)	5,432
Milk and Ala Carte Sales	2,758	2,783	(25)	3,934
Other	7,649	13,730	(6,081)	13,886
Total Local Sources	132,640	138,013	(5,373)	141,001
State Sources				
School Breakfast Program	32,101	33,171	(1,070)	32,930
School Lunch Program	15,974	18,000	(2,026)	18,241
Total State Sources	48,075	51,171	(3,096)	51,171
Federal Sources				
Restricted - Received through State	244,645	253,005	(8,360)	241,519
USDA Entitlement Commodities	24,842	33,000	(8,158)	18,622
USDA Bonus Commodities	-	-	-	657
Total Federal Sources	269,487	286,005	(16,518)	260,798
TOTAL REVENUES	450,202	475,189	(24,987)	452,970
Other Financing Sources				
Transfer from General Fund	43,913	-	43,913	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 494,115	\$ 475,189	\$ 18,926	\$452,970

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**FOOD SERVICE FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - ACTUAL COMPARED TO BUDGET
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

(Continued)	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<u>EXPENDITURES</u>				
Nonprofessional Salaries	\$ 162,515	\$ 149,416	\$ (13,099)	\$ 131,662
FICA/Retirement	43,284	33,478	(9,806)	33,136
Insurance	53,922	67,425	13,503	61,014
Other Benefits	10,670	2,300	(8,370)	8,977
Purchased Services	10,613	8,570	(2,043)	6,529
Supplies and Materials	235,324	233,625	(1,699)	226,240
Capital Outlay	-	-	-	-
Other	889	900	11	4,010
TOTAL EXPENDITURES	\$ 517,217	\$ 495,714	\$ (21,503)	\$ 471,568
Excess of Revenues Over (Under) Expenditures	\$ (23,102)	\$ (20,525)	\$ (2,577)	\$ (18,598)
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	\$ -	\$ (14,000)	14,000	\$ -
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(23,102)	(34,525)	11,423	(18,598)
FUND BALANCE, JULY 1	23,102			41,700
FUND BALANCE, JUNE 30	\$ -			\$ 23,102

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

ATHLETIC FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 56,401	\$ 4,402
Due From Other Funds	<u>510</u>	<u>7,688</u>
TOTAL ASSETS	<u>\$ 56,911</u>	<u>\$ 12,090</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accounts Payable		5,630
Due to Other Funds	<u>56,911</u>	<u>5,139</u>
TOTAL LIABILITIES	56,911	10,769
<u>FUND EQUITY</u>		
Fund Balance, Reserved	<u>-</u>	<u>1,321</u>
TOTAL FUND EQUITY	<u>-</u>	<u>1,321</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 56,911</u>	<u>\$ 12,090</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**SPECIAL REVENUE FUND - ATHLETIC FUND - STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - ACTUAL COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	FISCAL YEAR ENDED JUNE 30, 2008			FISCAL YEAR ENDED 6/30/07
	ACTUAL	BUDGET	VARIANCE FAVORABLE JNFAVORABLE	
REVENUES				
Admissions	\$ 39,515	\$ 41,135	\$ (1,620)	\$ 54,775
Player Fees	7,660	9,000	(1,340)	9,227
Reimbursement-Cross Country	2,715	-	2,715	
Reimbursement - Ski Team	4,508	-	4,508	
Concessions	14,451	15,820	(1,369)	11,356
Interest Income	540	400	140	-
Other	708	16,539	(15,831)	16,319
Total Revenues	70,097	82,894	(12,797)	91,677
EXPENDITURES				
Professional Salaries	61,081	82,462	21,381	78,464
Nonprofessional Salaries	23,273	21,526	(1,747)	17,641
Insurance	488	1,387	899	1,387
FICA/Retirement	19,899	22,423	2,524	19,426
Other Benefits	136	99	(37)	99
Purchased Services	45,683	34,025	(11,658)	46,938
Supplies and Materials	27,757	30,300	2,543	18,739
Capital Outlay	-	5,630	5,630	13,264
Other	6,734	8,973	2,239	9,259
TOTAL EXPENDITURES	185,051	206,825	21,774	205,217
Excess of Revenues over (Under) Expenditures	(114,954)	(123,931)	8,977	(113,540)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	119,491	120,000	(509)	120,000
Operating Transfers (Out)	(5,858)	(5,138)	-	(5,139)
TOTAL OTHER FINANCING SOURCES (USES)	113,633	114,862	(1,229)	114,861
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,321)	(9,069)	7,748	1,321
FUND BALANCE, JULY 1	1,321		-	-
FUND BALANCE, JUNE 30	\$ -			\$ 1,321

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

CAPITAL PROJECTS FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 43,974	\$ 4,179
Taxes Receivable	946	7,369
Due from Other Funds	<u>30,262</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 75,182</u>	<u>\$ 11,548</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Accounts Payable	-	-
Due to Other Funds	<u>-</u>	<u>8,068</u>
TOTAL LIABILITIES	-	8,068
<u>FUND EQUITY</u>		
Fund Balance, Reserved	<u>75,182</u>	<u>3,480</u>
TOTAL FUND EQUITY	<u>75,182</u>	<u>3,480</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 75,182</u>	<u>\$ 11,548</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**CAPITAL PROJECTS FUND - STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - ACTUAL COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Property Taxes	\$ 97,454	\$ 92,766
Other Taxes	907	561
Penalties / Interest on Taxes	513	299
Interest	<u>844</u>	<u>153</u>
TOTAL REVENUES	\$ 99,718	\$ 93,779
 <u>EXPENDITURES</u>		
Building and Renovation	20,166	91,820
Equipment	7,571	-
Tax Refunds / Chargebacks	279	39
Other	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	28,016	91,859
 Excess of Revenues Over (Under) Expenditures	 71,702	 1,920
 FUND BALANCE, JULY 1	 <u>3,480</u>	 <u>1,560</u>
 FUND BALANCE, JUNE 30	 <u>\$ 75,182</u>	 <u>\$ 3,480</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

DEBT RETIREMENT FUND – COMPARATIVE BALANCE SHEET

JUNE 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Deposits	\$ 121,349	\$ 32,183
Taxes Receivable	4,265	34,837
Due From Other Funds	<u>58,978</u>	<u>14,220</u>
TOTAL ASSETS	<u>\$ 184,592</u>	<u>\$ 81,240</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Due to Other Funds	<u>4,100</u>	<u>-</u>
TOTAL LIABILITIES	4,100	-
<u>FUND EQUITY</u>		
Fund Balance, Reserved	<u>180,492</u>	<u>81,240</u>
TOTAL FUND EQUITY	<u>180,492</u>	<u>81,240</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 184,592</u>	<u>\$ 81,240</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**DEBT RETIREMENT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE**

FISCAL YEAR ENDED JUNE 30, 2008

(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Local Sources		
Property Taxes	\$ 471,801	\$ 446,078
Other Taxes	2,474	2,530
Penalties and Interest on Taxes	1,918	1,626
Interest	5,786	13,540
Other	-	-
	<hr/>	<hr/>
Total Local Sources	\$ 481,979	\$ 463,774
State Sources		
Durant	-	-
	<hr/>	<hr/>
Total State Sources	-	-
	<hr/>	<hr/>
TOTAL REVENUES	481,979	463,774
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
1997 Refunding Bonds		
Principal	235,000	3,575,000
Interest	136,126	95,799
Fees	500	300
	<hr/>	<hr/>
Total 1997 Refunding Bonds	371,626	3,671,099
Bleacher Refurbishing Loan		
Principal	10,497	-
Interest	500	-
	<hr/>	<hr/>
Total Bleacher Refurbishing Loan	10,997	-
Durant		
Principal	-	-
Interest	-	-
	<hr/>	<hr/>
Total Durant	\$ -	\$ -

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**DEBT RETIREMENT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008
(With Comparative Totals for Fiscal Year Ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
Bus Loan		
Principal	\$ 45,854	\$ 40,051
Interest	<u>854</u>	<u>3,333</u>
Total Bus Loan	46,708	43,384
Other Expenditures		
Canon Copier Lease	1,369	3,013
Tax Adjustments / Writeoffs	<u>5,963</u>	<u>-</u>
Total Other Expenditures	<u>7,332</u>	<u>3,013</u>
TOTAL EXPENDITURES	\$ 436,663	\$ 3,717,496
Excess of Revenues Over (Under) Expenditures	45,316	(3,253,722)
<u>OTHER FINANCING SOURCES (USES)</u>		
Bond Proceeds	-	3,001,675
Cost of Issuance - Refunding Bonds	-	(101,635)
Operating Transfers In (Out)	<u>53,936</u>	<u>51,536</u>
TOTAL OTHER FINANCING SOURCES (USES)	53,936	2,951,576
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	99,252	(302,146)
FUND BALANCE, JULY 1	<u>81,240</u>	<u>383,386</u>
FUND BALANCE, JUNE 30	<u>\$ 180,492</u>	<u>\$ 81,240</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**TRUST AND AGENCY FUND - STATEMENT OF CHANGES IN ASSETS, LIABILITIES, AND
FUND BALANCE**

FISCAL YEAR ENDED JUNE 30, 2008

	BALANCE JUNE 30, 2007	INCREASES	DECREASES	BALANCE JUNE 30, 2008
<u>ASSETS</u>				
Cash, Deposits, and Investments	\$ 1,681,286	\$ 283,558	\$ 354,373	1,610,471
Due from Other Funds	-	37,858	-	37,858
TOTAL ASSETS	<u>\$ 1,681,286</u>	<u>\$ 321,416</u>	<u>\$ 354,373</u>	<u>\$ 1,648,329</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES</u>				
Due To Students - Activities Accounts	146,838	187,005	184,017	149,826
Due To General Fund	(2,681)	19,272	-	16,591
Due To Food Service Fund	-			-
Due To Scholarship Fund	-			-
Due to Activities Fund	-	27,775		27,775
Due To Athletic Fund	4,752	510	4,752	510
TOTAL LIABILITIES	\$ 148,909	\$ 234,562	\$ 188,769	\$ 194,702
 <u>FUND EQUITY</u>				
Scholarship Accounts	1,532,377	86,854	165,604	1,453,627
TOTAL FUND EQUITY	<u>1,532,377</u>	<u>86,854</u>	<u>165,604</u>	<u>1,453,627</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,681,286</u>	<u>\$ 321,416</u>	<u>\$ 354,373</u>	<u>\$ 1,648,329</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

TRUST AND AGENCY FUND - STATEMENT OF RECEIPTS AND DISBURSEMENTS

FISCAL YEAR ENDED JUNE 30, 2008

	BALANCE JUNE 30, 2007	RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2008
<u>ASSETS</u>				
Cash and Deposits	\$ 148,909	\$ 158,846	\$ 195,276	\$ 112,479
Due from Other Funds	-	37,857	-	37,857
TOTAL ASSETS	<u>\$ 148,909</u>	<u>\$ 196,703</u>	<u>\$ 195,276</u>	<u>\$ 150,336</u>
<u>LIABILITIES</u>				
General Funds:				
Middle School	3,258	500	1,086	2,672
Stambaugh Elementary	10,462	10,285	10,037	10,710
Ace Art Grant	9	-	-	9
Ace Tobacco Coalition	93	-	-	93
All Buildings - School Supplies	270	390	-	660
Art Club	254	-	98	156
Athletics In Action	134	-	99	35
Band Fund	(255)	4,408	3,656	497
Boys Basketball	203	-	156	47
Boys Tennis	11	-	11	-
Business Club	(308)	470	209	(47)
Career Tech	356	-	-	356
Cheerleader Fund	1,677	235	592	1,320
Chess Club	17	-	-	17
Class of 1984	185	-	-	185
Class of 1992	17	-	-	17
Class of 1994	181	-	-	181
Class of 1997	80	-	-	80
Class of 1998	200	-	-	200
Class of 1999	1,102	-	-	1,102
Class of 2000	3,329	-	-	3,329
Class of 2003	2,451	-	-	2,451
Class of 2007	2,470	-	2,470	-
Class of 2008	4,420	21,743	23,105	3,058
Class of 2009	654	10,746	8,216	3,184
Class of 2010	4	2,508	1,382	1,130
Class of 2011	4,381	1,064	994	4,451
Class of 2012	-	10,109	9,014	1,095
Combination Lock	844	-	-	844
Community School Recreation	5,100	-	787	4,313
Contingency Fund	1,364	3,779	3,677	1,466
Cross Country	185	6,359	6,100	444

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**TRUST AND AGENCY FUND - STATEMENT OF RECEIPTS AND DISBURSEMENTS
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008

	BALANCE JUNE 30, 2007	RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2008
Desk Top Publishing	\$ 1,318	\$ 1,942	\$ 1,296	\$ 1,964
DIISD - SS / Language Arts Grant	1,857	-	1,192	665
Disk Fund	89	-	-	89
Drama Club	155	-	-	155
Elementary Girls Basketball	2,189	6,192	8,181	200
Football	5,187	5,739	5,407	5,519
Forensics Club	163	-	-	163
Forest Club	221	775	440	556
Forest Club - Trout Unlimited	319	-	-	319
Girls Basketball	578	373	287	664
Girls Tennis	2,498	3,877	3,066	3,309
Girls Track	272	831	1,851	(748)
Golf Club	868	125	612	381
Health Careers Club	33	1,923	1,575	381
High School Bowl	108	416	326	198
Laurel Lake Bog Project	137	-	-	137
Library Fund	715	6	-	721
Majorettes	215	-	-	215
Maser Grant	-	-	78	(78)
Middle School Basketball Tourney	-	3,009	1,103	1,906
Middle School - Interest	418	-	-	418
Middle School 8th Grade Economics	2,225	342	-	2,567
Middle School 8th Grade Grant	855	-	-	855
Middle School Accelerated Learning Program	50	467	319	198
Middle School Art	193	185	-	378
Middle School Band	3,876	5,286	8,658	504
Middle School Cheerleaders	792	-	-	792
Middle School Crush Grams	797	863	274	1,386
Middle School Drama	821	-	-	821
Middle School Family Living	83	-	-	83
Middle School Library	606	160	185	581
Middle School Library Book Fair	-	1,760	2,121	(361)
Middle School Lighting Equipment Fund	315	-	-	315
Middle School Mrs. Sacheck Calculators	231	-	80	151
Middle School Mrs. Steinberg's Account	3	-	-	3
Middle School 6th Grade Nature	-	385	385	-
Middle School Newspaper	97	-	-	97
Middle School Playground	4,569	144	-	4,713
Middle School Red Ribbon Grant	150	-	-	150
Middle School Software Account	231	-	-	231
Middle School Special Ed Account	3,553	1,484	1,561	3,476

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**TRUST AND AGENCY FUND - STATEMENT OF RECEIPTS AND DISBURSEMENTS
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2008

	BALANCE JUNE 30, 2007	RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2008
Middle School Student Council	\$ 6,705	\$ 100	\$ 623	\$ 6,182
Middle School Wykon Warehouse	780	-	140	640
Middle School Yearbook	643	-	-	643
National Honors Society	363	350	350	363
NOW Interest	3,918	3,064	-	6,982
Nutrition Grant	300	-	-	300
Pep Grant - Chad	58	-	-	58
Pom Danz	1,008	6,013	5,037	1,984
Project Graduation	2,104	5,034	6,305	833
SADD	386	-	-	386
Sewing for Reading	84	-	84	-
Skiing	5,390	6,420	6,614	5,196
Spanish Club	478	4,916	5,112	282
Special Education - Carne	100	-	27	73
Special Places / Special Kids	819	-	819	-
Special Projects	1,218	2,100	2,848	470
Stambaugh - 5th Grade	4,853	6,400	7,277	3,976
Stambaugh Accelerated Reader	625	-	-	625
Stambaugh Band Account	2,345	-	423	1,922
Stambaugh Destination	262	-	-	262
Stambaugh Destination - Ima (New)	103	-	-	103
Stambaugh Library	1,024	173	83	1,114
String Boosters	264	8,464	5,375	3,353
Student Council	6,238	3,225	1,621	7,842
Student Council - Milk	324	-	324	-
Track	717	70	1,534	(747)
Tri-Paw Lodge	11,802	20,483	18,527	13,758
UP BB Coaches Clinic	631	-	-	631
Volleyball	452	3,084	1,665	1,871
Weight Room	200	-	-	200
Wrestling	-	351	-	351
Wykon Industries	426	-	-	426
Yearbook Fund	11,513	13,983	14,473	11,023
Young Authors	485	50	129	406
Youth BB Camp	285	352	448	189
Due to Athletic Fund	4,752	510	4,752	510
Due to General Fund	(2,681)	2,681	-	-
TOTAL LIABILITIES	\$ 148,909	\$ 196,703	\$ 195,276	\$ 150,336

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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PROPERTY TAX DATA

FOR THE YEAR ENDED JUNE 30, 2008

<u>YEAR LEVIED</u>	<u>LEVY</u>	<u>COLLECTIONS AND ADJUSTMENTS</u>	<u>BALANCE JUNE 30, 2008</u>
GENERAL FUND			
2007-08	\$ 2,260,978	\$ 2,245,237	\$ 15,741
2006-07	2,187,002	2,186,727	275
2005-06	1,789,998	1,788,975	1,023
2004-05	1,751,726	1,748,802	2,924
2003-04	<u>1,664,873</u>	<u>1,663,058</u>	<u>1,815</u>
TOTAL GENERAL FUND	\$ 9,654,577	\$ 9,632,799	\$ 21,778
DEBT RETIREMENT FUND			
2007-08	\$ 471,801	\$ 468,289	\$ 3,512
2006-07	446,078	445,985	93
2005-06	447,826	447,593	233
2004-05	451,751	451,552	199
2003-04	<u>460,183</u>	<u>459,955</u>	<u>228</u>
TOTAL DEBT RETIREMENT	\$ 2,277,639	\$ 2,273,374	\$ 4,265
SINKING FUND			
2007-08	\$ 97,454	\$ 96,727	\$ 727
2006-07	92,766	92,766	-
2005-06	87,996	87,947	49
2004-05	85,004	84,918	86
2003-04	<u>81,332</u>	<u>81,248</u>	<u>84</u>
TOTAL SINKING FUND	\$ 444,552	\$ 443,606	\$ 946
TOTAL ALL FUNDS	<u>\$ 12,376,768</u>	<u>\$ 12,349,779</u>	<u>\$ 26,989</u>

The notes to the financial statements are an integral part of this report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**BOARD OF EDUCATION
West Iron County Public School District
601 Garfield Avenue
IRON RIVER, MICHIGAN 49935**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **West Iron County Public School District**, Iron River, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the **West Iron County Public School District**, Iron River, Michigan's basic financial statements, and have issued our report thereon dated November 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and by the standards prescribed by the State Treasurer.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **West Iron County Public School District**, Iron River, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing opinions on the effectiveness of the **West Iron County Public School District**, Iron River, Michigan's internal control over financial reporting. Accordingly, we do not express opinions on the effectiveness of the **West Iron County Public School District**, Iron River, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the **West Iron County Public School District**, Iron River, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the **West Iron County Public School District**, Iron River, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the **West Iron County Public School District**, Iron River, Michigan's internal control.

We consider the deficiencies described as (2007-01), (2007-02), (2005-01), and (2008-01) through (2008-16), in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the **West Iron County Public School District**, Iron River, Michigan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider items (2008-01) through (2008-14) to be material weaknesses.

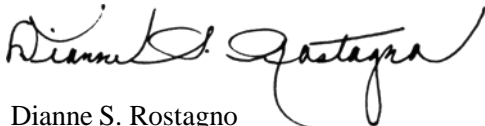
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **West Iron County Public School District**, Iron River, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance, and other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs.

We noted other matters that we reported to management of the **West Iron County Public School District**, Iron River, Michigan, in a separate letter dated November 10, 2008.

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the **West Iron County Public School District**, Iron River, Michigan's response, and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

November 10, 2008

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2008

SIGNIFICANT DEFICIENCIES

Timeliness of Bank Deposits (2007-01)

Finding: Bank deposits were not being deposited in the bank in a timely manner. This practice opens the District to the threat of a loss or theft of cash while it is on the premises. It was recommended that cash be deposited no less than once a week, and more frequently during times of heavy cash flows.

Response: With great regularity, deposits have been made on at least a weekly basis in the General Fund, Hot Lunch, Athletic and Activity accounts. Gaps in this procedure have occurred occasionally, especially with the departure of our Business Manager in February of this fiscal year and the short-staffing that her absence created. With the new fiscal office employee hired this fall, those deposits have been regular as required.

Timely and Accurate Financial Reports (2007-02)

Finding: The District's accounting and reporting processes were being significantly delayed. This can have a negative impact on critical areas such as financial analysis, budgetary control, and cash flow, and can significantly impact the administration's ability to effectively guide the organization. Financial reporting, including year-end adjustments, must be completed on a timely basis.

Response: While we cannot speak to the timeliness or accuracy of the reports submitted by our former Business Manager, we understand that the financial picture will be much clearer and healthier after the audit. We confident that with the new staff in place and proper accounting practices now being followed, that our financial reporting future will be accurate and timely.

Student Activities (2005-01)

Finding: Advisors or the persons responsible for the various student activities were not maintaining independent records of their earnings, expenses, or year-end balances in their accounts. There is, therefore, no method to independently confirm transactions or balances in these activities. Errors, omissions, theft, etc., could possibly remain undetected. It was recommended that the District increase its efforts to monitor and enforce compliance.

Response: Every attempt was made to place the responsibility of maintaining activity accounts with each student group and advisor as was recommended. This independent recordkeeping was under the umbrella of our former Business Manager and while certain groups did comply, many others did not. No action was taken by the Business Manager to mandate that compliance. It is our full intent to follow the recommendations advised in our last two audit management letters to maintain independent records by the activity groups and to provide confirmation of activities and balances by the business office at the annual audit.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

BOARD OF EDUCATION
WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
601 Garfield Avenue
Iron River, Michigan 49935

Compliance

We have audited the compliance of the **West Iron County Public School District**, Iron River, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The **West Iron County Public School District**, Iron River, Michigan's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs, and the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the **West Iron County Public School District**, Iron River, Michigan's management. Our responsibility is to express an opinion on the **West Iron County Public School District**, Iron River, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **West Iron County Public School District**, Iron River, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the **West Iron County Public School District**, Iron River, Michigan's compliance with those requirements.

In our opinion, the **West Iron County Public School District**, Iron River, Michigan, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the **West Iron County Public School District**, Iron River, Michigan, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

Internal Control Over Compliance (Continued)

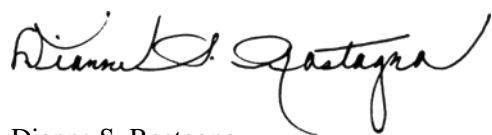
In planning and performing our audit, we considered the **West Iron County Public School District**, Iron River, Michigan's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinions on compliance, but not for the purpose of expressing opinions of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the **West Iron County Public School District**, Iron River, Michigan's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and it is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with the first name "Dianne" and last name "Rostagno" clearly distinguishable.

Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

November 10, 2008

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS <i>FISCAL YEAR ENDED JUNE 30, 2008</i>

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 7/1/2007	(MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE 6/30/2008	ADJUST- MENTS
US DEPT OF EDUCATION								
Passed Through MDE								
Title I *								
#071530-0607	84.010	\$ 278,414	\$ (10,792)	\$ 255,005	\$ 10,792	\$ (10,792)	\$ -	
#081530-0708	84.010	302,528	-	-	287,517	302,528	(4,219)	23,409
Total Title I *		580,942	(10,792)	255,005	298,309	291,736	(4,219)	23,409
Title V								
LEA Allocation								
#080250-0708	84.298	3,951	-	-	3,951	3,951	-	
Total Title V		3,951	-	-	3,951	3,951	-	
Title II-A								
Improving Teacher Quality								
#080520-0708	84.367	87,087	-	-	87,087	87,087	-	
Total Title II-A		87,087	-	-	87,087	87,087	-	
Title II-D								
Tech Literacy Challenge								
#084290-0708	84.318	2,506	-	-	2,506	2,506	-	
Total Title II-D		2,506	-	-	2,506	2,506	-	-
Reading First								
#082930-0708	84.357	152,430	-	-	152,430	131,928	20,502	
Total Reading First		152,430	-	-	152,430	131,928	20,502	
Total Passed Through MDE		\$ 826,916	\$ (10,792)	\$ 255,005	\$ 544,283	\$ 517,208	\$ 16,283	\$ 23,409

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 7/1/2007	(MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE 6/30/2008	ADJUST- MENTS
Passed Through ISD								
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Passed Through ISD		-	-	-	-	-	-	-
 TOTAL US DEPT OF EDUCATION								
		\$ 826,916	\$ (10,792)	\$ 255,005	\$ 544,283	\$ 517,208	\$ 16,283	\$ 23,409

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 7/1/2007	(MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE 6/30/2008	ADJUST- MENTS
US DEPT OF AGRICULTURE								
Passed Through MDE								
Natl School Lunch-Breakfast								
#071970	10.553	\$ 6,683	\$ -	\$ -	\$ 6,683	\$ 6,683	\$ -	\$ -
#081970	10.553	56,111	-	-	56,111	56,111	-	-
Total Natl School Lunch- Breakfast		62,794	-	-	62,794	62,794	-	
 National School Lunch Section 4 Lunches								
#071950	10.555	2,967	-	-	2,967	2,967	-	
#081950	10.555	23,958	-	-	23,958	23,958	-	
Total Section 4 Lunches		26,925	-	-	26,925	26,925	-	
 Section 11 Free & Reduced								
#071960	10.555	16,392	-	-	16,392	16,392	-	
#081960	10.555	128,565	-	-	128,565	128,565	-	
Total Section 11 Free & Reduced		144,957	-	-	144,957	144,957	-	
 Snack Program								
#071980	10.555	170	-	-	170	170	-	
#081980	10.555	967	-	-	967	967	-	
Total Snack Program		1,137	-	-	1,137	1,137	-	
Total National School Lunch		173,019	-	-	173,019	173,019	-	-
 Summer Food Service Program								
#070900	10.559	9,129	5,206	5,206	8,422	10,080	3,548	-
#071900	10.559	951	542	542	409		951	
Total Summer Program		\$ 10,080	\$ 5,748	\$ 5,748	\$ 8,831	\$ 10,080	\$ 4,499	\$ -

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 7/1/2007	(MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE 6/30/2008	ADJUST- MENTS
US DEPT OF AGRICULTURE								
Entitlement Commodities	10.550	\$ 24,842	\$ -	\$ -	\$ 24,842	\$ 24,842	\$ -	\$ -
Bonus Commodities	10.550	-	-	-	-	-	-	-
Total Commodities		24,842	-	-	24,842	24,842	-	
TOTAL US DEPT OF AGRICULTURE		270,735	5,748	5,748	269,486	270,735	4,499	-
US DEPT OF INTERIOR								
Other Federal Assistance Passed Through County of Iron Schools and Roads Grant	15.226	106,172	-	-	106,172	106,172	-	-
TOTAL US DEPT OF INTERIOR		106,172	-	-	106,172	106,172	-	-
US DEPT OF LABOR								
Passed Through UP Manpower Consortium JTPA Nurses' Aid	17.250	5,976	-	-	5,976	5,976	-	-
Total JTPA Nurses' Aid		5,976	-	-	5,976	5,976	-	-
TOTAL US DEPT OF LABOR		5,976	-	-	5,976	5,976	-	
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 1,209,799	\$ (5,044)	\$ 260,753	\$ 925,917	\$ 900,091	\$ 20,782	\$ 23,409

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS TO FINANCIAL STATEMENTS**

FOR FISCAL YEAR ENDED JUNE 30, 2008

- (a) Unexpended balance.
- (b) The District received a grant from the *Marquette Alger ISD*, for the Strong Families/Safe Children program in the amount of \$2,564. The CFDA number is 93.556. Since the audit status of the District is Vendor, this is not to be included in the Schedule of Expenditures of Federal Awards, per FIA officials.
- (c) The District received flow-through funds from the Dickinson-Iron Intermediate School District in the amount of \$ 35,676. Since this is a Vendor relationship, this flow-through is not included in the Schedule of Expenditures of Federal Awards.
- (d) Special milk program (CFDA #10.555) reported on the Grants Section Auditor's Report (Form R 7120) in the amount of \$1,006 is passed through to the Iron County Youth Camp, and therefore is not reported on the Schedule of Expenditures of Federal Awards.
- (e) The District received an ORV Safety Education Program Grant in the amount of \$3,000, administered by the Michigan Department of Natural Resources. Since this is a vendor relationship, this is not included on the Schedule of Expenditures of Federal Awards.
- (f) The District received USF funding, totaling \$11,462, which is not included on the Schedule of Expenditures of Federal Awards.
- (g) Summer Food Service Program for Children (CFDA #10.559) on Form R-7120 does not include award for June, 2008 in the amount of \$4,499. This is reported as revenue and as accounts receivable in the financial statements. The 2006-07 on Accounts Receivable of \$5,748 is shown on R-7120, but was reported in the financial statements as prior year revenue and accounts receivable.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS TO FINANCIAL STATMENTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(Continued)

Reconciliation

Financial Revenue per
Financial Statements:

General Operating Funds -

Federal Sources	\$	667893
General Fund – Passed Through ISD		41240
Food Service Fund		269487

Total Federal Revenue
Reported by District

	\$	978620
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Federal Revenues on Schedule of Expenditures
of Federal Awards

	\$	927166
SFSC (b)		2564
DIIS flow-through funds (c)		35676
ORV flow-through funds (e)		3000
USF (f)		11462
Summer Food Service Program (g)		
Deduct 2006-07 revenue/receivable		(5748)
Add June 2008 revenue/receivable		4499
Rounding Difference		1

	\$	978620
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WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. *Designates Major Program
2. In accordance with OMB Circular A-133, since federal awards expended were greater than \$500,000 but less than \$10 million, Type A programs are those programs with expended funds of \$300,000 or more. Based on this threshold, there were no Type A programs. The District qualified as a low risk auditee. Therefore, Title I was audited as a major program to satisfy the 25% coverage requirement.
3. Expenditures in this schedule are in agreement with amounts reported in the financial statements and the financial reports.
4. The amounts reported on the R7120 (Grants Section Auditions Report) and the MDE Cash Management Report reconcile with this schedule.
5. The amounts reported on the Recipient Entitlement Balance Report (PAL Report) agree with this schedule for USDA donated food commodities and are reported in the cash receipts column.
6. Expenditures include spoilage or pilferage.
7. JTPA Nurse's Aid Grant is based upon per pupil tuition. In addition to the direct expenditures of \$ 2,944 reported on the financial statements, indirect costs of building rental and administration must be added to these costs.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the West Iron County Public School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements on OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

C. MAJOR PROGRAMS

Major programs were determined by a risk based approach, which includes consideration of current and prior audit expenses, oversight by federal agencies and pass-through entities, and inherent risk of the program in addition to the \$300,000 expenditure threshold. The District qualifies as a low risk auditee, under the criteria specified in OMB Circular A-133, Section 530.

D. FOOTNOTES

Please see the federal statement footnotes for the significant accounting policies applied when preparing this schedule.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Qualified*

Internal control over financial reporting:

- | | | | | |
|-------------------------------------|--------------|-----|---------------|---------------|
| • Material weakness(es) identified? | <u> X </u> | yes | <u> </u> | no |
| • Significant deficiencies? | <u> X </u> | yes | <u> </u> | none reported |

Noncompliance material to financial statements noted?	<u> X </u>	yes	<u> </u>	no
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Federal Awards

Internal control over major programs:

- | | | | | |
|--|---------------|-----|--------------|---------------|
| • Material weakness(es) identified? | <u> </u> | yes | <u> X </u> | no |
| • Significant deficiencies identified that are not considered to be material weakness(es)? | <u> </u> | yes | <u> X </u> | none reported |

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<u> </u>	yes	<u> X </u>	no
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Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program of Cluster</i>
84.010	Title I

Dollar threshold used to distinguish between A and B programs:

 \$ 300000

Auditee qualified as low-risk auditee?	<u> X </u>	yes	<u> </u>	no
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WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008**

Section II - Financial Statement Findings

MATERIAL WEAKNESSES

Merging/Deleting Active Accounts (2008-01)

Problem:

During the audit process, we found that accounts having previous activity were merged with other accounts in other funds, and the original account numbers and all activity contained therein was deleted in the process. Although the activity contained in the merged fund remained intact, the original account had disappeared with no audit trail to trace the posting of the activity to the new account. For example, medicaid outreach funds, sale of assets, rental revenue, and other General Fund revenue was found to have been merged with commodities revenues in the Food Service Fund. It then became a very time consuming, arduous process to locate these transactions and correct the erroneous posting. The merging of accounts from one fund to another also contributed to the affected funds being out of balance.

Recommendation:

This practice of account merging **should never be used**.

Response:

The District will take the necessary measures to correct this deficiency without delay.

Year-End Close of Accounting Records (2008-02)

Problem:

The District closed out the 2007-08 fiscal year without following the very specific closeout procedures required. As a result of improper closeout, the District then attempted to remedy the situation by backing up the previous data using a backup which was made near the middle of June 2008. Several back up attempts were made, and, as a result, it was unknown what information had been lost in the process, and what transactions might have been duplicated. While attempts were made to re-enter lost data that should be reported in 2007-08, and delete duplicate entries which were found in both fiscal years 2007-08 and 2008-09, unnecessary financial reporting chaos resulted.

Recommendation:

Year-end closeout is a process that must be undertaken very deliberately, cautiously, and with great care to meticulously follow the critical steps established by SDS for year-end close. Daily backups of financial records must be performed, and procedures for the safe-keeping of this important information must be formulated and followed without exception. Strict adherence to these procedures will allow for year-end work and audit preparation to be much less time consuming.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

MATERIAL WEAKNESSES (Continued)

Year-End Close of Accounting Records (2008-02) (Continued)

Response:

The District will take the necessary measures to correct this deficiency without delay.

Fiscal Management (2008-03)

Problem:

In our opinions, for the year ended June 30, 2008, the West Iron County Public Schools lacked even a basic set of adequate books and records. This extreme level of disorganization has the potential to cause serious errors in the financial records and financial statements. There is also a substantial risk that irregularities such as fraud and defalcation could occur and, because there is no reliable system of detection, continue undetected. The lack of supervisory review has allowed errors to exist within the books of account for some time, and without subsequent correction they will continue to grow in magnitude.

Recommendation:

For the long-term good and future success of the West Iron County Public School District, we recommend that the position of Business Manager be filled with an experienced and competent individual to direct and manage this area.

Response:

The District will take the necessary measures to correct this deficiency without delay.

Cash Management (2008-04)

Problem:

During the audit process, we noted that accounting records frequently could not be located when needed. After much nonproductive time was spent searching for supporting documentation for cash receipts for the three-month period (July through September 2007), cash receipts reports and related supporting documents were found in an overstuffed file cabinet containing old documents and test copies.

Recommendation:

Documentation is an important part of the books and records of the District, and effective internal control procedures should never allow for this to occur. We strongly suggest that the District employees continue their efforts to sort out obsolete data from these files, establish a procedure for long-term storage, and consistently maintain a regular, systematic filing system that meets their current needs.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

MATERIAL WEAKNESSES (Continued)

Cash Management (2008-04) (Continued)

Response:

The District will take the necessary measures to correct this deficiency without delay.

Posting Accuracy (2008-05)

Problem:

In conjunction with the performance of auditing procedures, we noted numerous posting errors, which required that corrections be made. This particular type of error is such that some errors may never be discovered. On a regular, on-going basis, we found that amounts were intentionally posted to a "control" account, rather than to the appropriate account, requiring reclassification at a later date. For example, at fiscal year-end, the General Fund had an excess of \$300,000 in its control account, the identities of the various elements which constituted this balance had been lost. The process of reclassifying these transactions was time consuming and cumbersome. This very serious deficiency was the result of overall lack of fiscal integrity and responsibility.

Recommendation:

We recommend that management address cash receipting and cash disbursement procedures and internal controls in its development of an improved system of fiscal management and oversight responsibilities.

Response:

The District will take the necessary measures to correct this deficiency without delay.

Journal Entries (2008-06)

Problem:

As part of our auditing procedures, we reviewed journal entries made by the District employees. We found a great many unbalanced entries had been made, as journal entries were not being made on a fund-by-fund basis, but rather multiple funds co-mingled in a single entry. Debit and credit entries for individual funds did not balance, creating significant out-of-balance conditions in every fund of the District. At fiscal year-end, for example, the General Fund alone was out of balance by more \$137,000! Furthermore, general journal entries are not maintained sequentially in a bound notebook, (by entry number or by date), making the search for a specific transaction extremely difficult and time consuming.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

MATERIAL WEAKNESSES (Continued)

Journal Entries (2008-06)

Recommendation:

More care needs to be taken in the recording of journal entries. Entries should be made separately to each fund and never combined in a single entry. Most accounting software has safeguards to disallow the posting of an unbalanced entry. I recommend that the District consult with their software provider as to the possibility of setting up these controls in the system. All journal entries should be printed, reviewed for accuracy and balance, and permanently filed in a central location by date and transaction number. Descriptions should also be mandatory to define the specific purpose of every entry made.

Response:

The District will take the necessary measures to correct this deficiency without delay.

Cash Reconciliation (2008-07)

Problem:

During the course of the audit, we noted that bank statements for the various District accounts had not been reconciled on a monthly basis. At year-end, an attempt to reconcile the bank balances to the general ledger was made, with an adjustment to the "Control" accounts in the various funds to balance these entries. Since these adjustments to correct the cash balances were not made until the end of the fiscal year, no explanation could be found by District personnel for the necessity to make these large cash adjustments.

Most of the problems encountered within the area of cash can be avoided if a proper system of checks and balances is incorporated into the District's basic procedures.

Recommendation:

We recommend that all bank accounts be reconciled monthly to the general ledger, and that all suspicious reconciling items be promptly investigated and adjusted with adequate explanation.

Response:

The District will take the necessary measures to correct this deficiency without delay.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

MATERIAL WEAKENESSES (Continued)

Cash Receipts (2008-08)

Problem:

We found there was a considerable delay in recording cash receipts and posting these transactions to the general ledger. Funds received by the District in March, April, and May were not recorded or posted until the end of June. Although the primary cause of this delay was due to the absence of the business manager, a significant deficiency existed in that the District had no one in place to perform this very important function. As a result, a large gap existed at year-end, when District employees, unfamiliar with the details regarding the previous transactions, attempted to “piece together” the details sufficient to accurately record these receipts. This situation opens the District to the threat of misappropriation of assets, financial statement omissions, and/or misstatements.

Recommendation:

Generally accepted accounting practices require that cash receipts be posted in a routine and timely manner.

Response:

The District will take the necessary measures to correct this deficiency without delay.

Cash Receipting Software (2008-09)

Problem:

Although the District has software to facilitate the cash receipts process, it has not been utilized by the District after the departure of the business manager. Cash receipts are being recorded through the use of journal entries. This process does not allow for the tracking of deposits, as would the use of a cash receipts register, which provides a printout by deposit of the detail transactions contained in each deposit.

Recommendation:

The District should utilize the cash receipts system, and maintain the detail printout of these transactions in sequential order by fund. This will greatly enhance the District’s internal control over cash receipts.

Furthermore, a triplicate deposit book should be utilized without exception. The first copy should be prepared for the bank deposit, the second to be attached to the cash receipts report, and a third copy should remain bound in the deposit book.

Response:

The District will take the necessary measures to correct this deficiency without delay.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

MATERIAL WEAKENESSES (Continued)

Accounts Payable (2008-10)

Problem:

Our testing in the area of accounts payable disclosed that monthly reconciliations between the balance in the general ledger and the open invoices are not being done. In fact, the general ledger and the financial statements reflected accounts payable in excess of \$100,000 more than the District's actual liability at year-end. The lack of this control feature allows for differences to occur and accumulate over a period of time. Ultimately, the determination of the actual accounts payable is virtually impossible without a significant time investment in a lengthy reconciliation process.

Recommendation:

To maintain necessary and proper control over accounts payable, we suggest that the open invoice file be reconciled with the balance in the general ledger at the end of every month. If any differences exist, they should be investigated and resolved promptly. These procedures will insure that the balance reported in the general ledger and the financial statements reflects the accurate accounts payable balance.

Response:

The District will take the necessary measures to correct this deficiency without delay.

Early Retirement Incentive Payments (2008-11)

Problem:

The District does not maintain a file on its liability for early retirement incentive payments, and District employees could not locate an accurate and/or complete payout schedule. In some instances, the retired employees themselves provided the missing data.

Recommendation:

This total lack of accurate record-keeping is unacceptable, and fails to protect both the District and the former employees from overpayment or underpayment of a pre-determined benefit.

Response:

The District will take the necessary measures to correct this deficiency without delay.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
--

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

MATERIAL WEAKENESSES (Continued)

Payroll (2008-12)

Problem:

The West Iron County Public School District currently contracts with the Dickinson-Iron Intermediate School District for its payroll services. Prior to this arrangement, payroll was prepared by one District employee using the payroll system included in the District's accounting software. Many errors and inconsistencies were found as the Dickinson-Iron Intermediate School District personnel set up the new payroll system. These issues included the following:

- Account distribution was not being properly posted to the various school activities as reflected on employee time cards. For example, time spent by employees working in the Food Service Fund was being reported as time spent performing other functions. This caused a misrepresentation in the financial statements.
- Health insurance costs were not properly charged to the various employee classifications.
- Personnel files were not all complete, and did not contain the required payroll information, deduction authorizations, etc. in many instances.
- Insurance co-payments for many members of the support staff were calculated incorrectly. Some support staff members had been overcharged for their benefits; some were undercharged. (The District has a liability for repayment to those who were overcharged, and will absorb the costs for those who had been erroneously undercharged for these benefits).
- Unemployment was paid on Thumb Education employees who were contracted with the District and were not bona fide employees of the District.
- Payroll reports were not filed by the due dates, and payroll taxes were occasionally being paid late, resulting in unnecessary penalties and interest being charged to the District.

Recommendation:

The preparation of payroll-related functions by the Dickinson-Iron Intermediate School District strengthens the internal control through the separation of payroll functions of employment, timekeeping, payroll preparation, and record-keeping. It is recommended that the District continue to contract with the ISD for their services until which time the District employees have the time and the ability to perform these tasks accurately and efficiently.

Response:

The District will carefully consider this matter.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

MATERIAL WEAKENSSES (Continued)

Scholarship Funds (2008-13)

Problem:

Several scholarships are once again being paid from the Student Activities accounts, and later reimbursed. In addition, we found that several scholarships were being awarded through an account where those scholarships have no investment and those funds have not been reimbursed.

Recommendation:

Before a scholarship is issued, the required donor funds must be transferred to the scholarship checking account, where the distribution must occur. Scholarship activity should never, under any circumstances, be conducted in the Student Activities Fund. Scholarships must never be distributed in the absence of the availability of these funds. Donor funds must be separately identifiable, and reduced only for a scholarship issued in that donor's name.

Response:

The District will take the necessary measures to correct this deficiency without delay.

Problem:

Scholarship interest checks are not being deposited on a timely basis. We noted one instance when an interest check was held for two months before deposit.

Recommendation:

Like all funds for which the District is responsible, deposits must be made on a regular and timely basis.

Response:

The District will take the necessary measures to correct this deficiency without delay.

Problem:

The District had lost or misplaced many investment statements from investment companies who held assets for the various scholarship accounts. Duplicates had to be requested in order to proceed with our auditing procedures.

Recommendation:

Banking and investment statements must be filed and retained in the Scholarship files by financial institution and reconciled on a monthly basis.

Response:

The District will take the necessary measures to correct this deficiency without delay.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

MATERIAL WEAKENNESSES (Continued)

Scholarship Funds (2008-13) (Continued)

Problem:

No bookkeeping was done in the Scholarship Fund for the entire year. Every account and scholarship needed to be reconciled as a function of our audit.

Recommendation:

The District has a fiduciary responsibility to accurately record all scholarship activity, and must do so on a monthly basis.

Response:

The District will take the necessary measures to correct this deficiency without delay.

Student Activities (2008-14)

Problem:

Funds for Wykon Youth Basketball were removed from the District Student Activity Fund to a private account without proper notice or authorization. Since this program is a related school activity for which the District has a fiduciary responsibility, the transfer of these assets to a private account is unacceptable and a clear departure from approved policies.

Recommendation:

All accounting and funding for this program should be returned to the District, who should continue to act as the receiving and paying agent for this group. The Michigan Department of Education requires a recap of receipts and disbursements for all of its fiduciary activities each year.

Response:

The District will take the necessary measures to correct this deficiency without delay.

SIGNIFICANT DEFICIENCIES

Ability to Prepare Financial Statements and Related Note Disclosures (2008-15)

Problem:

Like other local units of government of similar size, limited financial summaries and abbreviated financial statements are made available for the Board members. The School District relies on auditors to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Board members review and accept the financial statements on behalf of the School District. The hiring of additional personnel to prepare the financial statements would not be cost effective.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

SIGNIFICANT DEFICIENCIES (Continued)

Ability to Prepare Financial Statements and Related Note Disclosures (2008-15) (Continued)

Recommendation:

Members of the Board should remain involved in the financial reporting process to provide an oversight function.

Response:

School District officials agree and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

Audit Adjustments (2008-16)

Problem:

The School District relies on its auditors to prepare year-end non-recurring adjusting journal entries to adjust its financial statements. Board members review and accept the adjusting entries on behalf of the District.

Recommendation:

Members of the Board should continue to review and approve non-recurring entries.

Response:

School District officials agree and will continue to use the auditor's assistance in preparing year-end adjusting journal entries.

Timeliness of Bank Deposits (2007-01)

Problem:

Although bank deposits were being completed on a regular basis, deposits were not being deposited in the bank in a timely manner. When testing the food service revenue, we noted as many as fifteen or more deposit tickets submitted on the same day. This was also found to be a problem in the Student Activities Fund. This practice opens the District to a loss or theft of cash while it is still on the premises.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

SIGNIFICANT DEFICIENCIES (Continued)

Timeliness of Bank Deposits (2007-01) (Continued)

Recommendation:

To strengthen internal controls in this area, we suggested that during times of heavy cash inflow, deposits to the bank be made on a daily basis. During periods of less cash inflow, we recommend that cash be deposited at the bank no less than once a week. This practice will firmly strengthen the District's internal control process over cash receipts and greatly lessen the likelihood that cash could be lost or stolen before it is deposited in the bank.

Resolution:

This problem has not been resolved.

Continued Recommendation:

Timely bank deposits must be made on a consistent, on-going basis.

Response:

The District will take the necessary measures to correct this deficiency without delay.

Timely and Accurate Financial Reports (2007-02)

Problem:

In conjunction with the previous audit, we noted that the District's accounting and reporting processes were being significantly delayed. This will greatly reduce the administration's ability to effectively guide the organization. Critical areas such as financial analysis, budgetary control, and cash flow can all be negatively impacted.

Recommendation:

It was recommended that financial reporting, including year-end adjustments, be completed on a timely basis. If it is determined that the department is understaffed, steps should be taken to alleviate this problem so that work can remain current without an undue hardship on any one employee.

Resolution:

This problem has not been resolved.

Continued Recommendation:

Financial reporting must be accurate, and must be completed, reviewed, and approved on a timely basis.

Response:

The District will take the necessary measures to correct this deficiency without delay.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008
(Continued)**

Section II - Financial Statement Findings

SIGNIFICANT DEFICIENCIES (Continued)

Student Activities (2005-01)

Problem:

In conjunction with the prior audits, it was noted that all records pertaining to the various student activities were reported and maintained by School District office personnel. Those responsible for the various student organizations often retain no independent record of the amount of earnings, expenditures, and year-end balances in their accounts. There is, therefore, no method to confirm transactions or balances in these activities.

Recommendation:

It was recommended that each student group be held responsible for the maintenance of its own set of accounting records, keeping a running total of all fund-raising revenues, expenses, and ending cash balances. At year-end, these records would be turned in to the office of the principal, where they are to be held for safe-keeping. These independent records should then be made available to provide confirmation of activities and balances for the annual audit.

Resolution:

This problem remains unresolved. In the course of our audit, we found no improvement with compliance.

Continued Recommendation:

The District should strictly implement the prior recommendations. It is recommended that compliance be monitored on a quarterly basis, and that those persons not in full compliance be notified of this fact and attempts be made to remedy this issue.

Response:

The District will take the necessary measures to correct this deficiency without delay.

WEST IRON COUNTY PUBLIC SCHOOL DISTRICT
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**Schedule of Findings and Questioned Costs
(Continued)**

For the Year Ended June 30, 2008

Section III - Federal Award Findings and Questioned Costs

There are no matters to be reported.

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

Board of Education
West Iron County Public School District
601 Garfield Avenue
Iron River, Michigan 49935

In planning and performing the audit of the financial statements of the **West Iron County Public School District**, Iron River, Michigan as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control structure to plan the auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure. Accordingly, we do not express opinions on the effectiveness of the **West Iron County Public School District**, Iron River, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the **West Iron County Public School District**, Iron River, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the **West Iron County Public School District**, Iron River, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the **West Iron County Public School District**, Iron River, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the **West Iron County Public School District**, Iron River, Michigan's internal control.

During our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. They are divided into three categories: significant deficiencies, material weaknesses, and other matters.

West Iron County Public School District
Page Two

MATERIAL WEAKENSSES

New Comments

Merging/Deleting Active Accounts (2008-01)

Problem:

During the audit process, we found that accounts having previous activity were merged with other accounts in other funds, and the original account numbers and all activity contained therein was deleted in the process. Although the activity contained in the merged fund remained intact, the original account had disappeared with no audit trail to trace the posting of the activity to the new account. For example, medicaid outreach funds, sale of assets, rental revenue, and other General Fund revenue was found to have been merged with commodities revenues in the Food Service Fund. It then became a very time consuming, arduous process to locate these transactions and correct the erroneous posting. The merging of accounts from one fund to another also contributed to the affected funds being out of balance.

Recommendation:

This practice of account merging **should never be used**.

Year-End Close of Accounting Records (2008-02)

Problem:

The District closed out the 2007-08 fiscal year without following the very specific closeout procedures required. As a result of improper closeout, the District then attempted to remedy the situation by backing up the previous data using a backup which was made near the middle of June 2008. Several back up attempts were made, and, as a result, it was unknown what information had been lost in the process, and what transactions might have been duplicated. While attempts were made to re-enter lost data that should be reported in 2007-08, and delete duplicate entries which were found in both fiscal years 2007-08 and 2008-09, unnecessary financial reporting chaos resulted.

Recommendation:

Year-end closeout is a process that must be undertaken very deliberately, cautiously, and with great care to meticulously follow the critical steps established by SDS for year-end close. Daily backups of financial records must be performed, and procedures for the safe-keeping of this important information must be formulated and followed without exception. Strict adherence to these procedures will allow for year-end work and audit preparation to be much less time consuming.

Fiscal Management (2008-03)

Problem:

In our opinions, for the year ended June 30, 2008, the West Iron County Public Schools lacked even a basic set of adequate books and records. This extreme level of disorganization has the potential to cause serious errors in the financial records and financial statements. There is also a substantial risk that irregularities such as fraud and defalcation could occur and, because there is no reliable system of detection, continue undetected. The lack of supervisory review has allowed errors to exist within the books of account for some time, and without subsequent correction they will continue to grow in magnitude.

MATERIAL WEAKNESSES (Continued)
New Comments (Continued)

Fiscal Management (2008-03) (Continued)

Recommendation:

For the long-term good and future success of the West Iron County Public School District, we recommend that the position of Business Manager be filled with an experienced and competent individual to direct and manage this area.

Cash Management (2008-04)

Problem:

During the audit process, we noted that accounting records frequently could not be located when needed. After much nonproductive time was spent searching for supporting documentation for cash receipts for the three-month period (July through September 2007), cash receipts reports and related supporting documents were found in an overstuffed file cabinet containing old documents and test copies.

Recommendation:

Documentation is an important part of the books and records of the District, and effective internal control procedures should never allow for this to occur. We strongly suggest that the District employees continue their efforts to sort out obsolete data from these files, establish a procedure for long-term storage, and consistently maintain a regular, systematic filing system that meets their current needs.

Posting Accuracy (2008-05)

Problem:

In conjunction with the performance of auditing procedures, we noted numerous posting errors, which required that corrections be made. This particular type of error is such that some errors may never be discovered. On a regular, on-going basis, we found that amounts were intentionally posted to a "control" account, rather than to the appropriate account, requiring reclassification at a later date. For example, at fiscal year-end, the General Fund had an excess of \$300,000 in its control account, the identities of the various elements which constituted this balance had been lost. The process of reclassifying these transactions was time consuming and cumbersome. This very serious deficiency was the result of overall lack of fiscal integrity and responsibility.

Recommendation:

We recommend that management address cash receipting and cash disbursement procedures and internal controls in its development of an improved system of fiscal management and oversight responsibilities.

MATERIAL WEAKNESSES (Continued)
New Comments (Continued)

Journal Entries (2008-06)

Problem:

As part of our auditing procedures, we reviewed journal entries made by the District employees. We found a great many unbalanced entries had been made, as journal entries were not being made on a fund-by-fund basis, but rather multiple funds co-mingled in a single entry. Debit and credit entries for individual funds did not balance, creating significant out-of-balance conditions in every fund of the District. At fiscal year-end, for example, the General Fund alone was out of balance by more \$137,000! Furthermore, general journal entries are not maintained sequentially in a bound notebook, (by entry number or by date), making the search for a specific transaction extremely difficult and time consuming.

Recommendation:

More care needs to be taken in the recording of journal entries. Entries should be made separately to each fund and never combined in a single entry. Most accounting software has safeguards to disallow the posting of an unbalanced entry. I recommend that the District consult with their software provider as to the possibility of setting up these controls in the system. All journal entries should be printed, reviewed for accuracy and balance, and permanently filed in a central location by date and transaction number. Descriptions should also be mandatory to define the specific purpose of every entry made.

Cash Reconciliation (2008-07)

Problem:

During the course of the audit, we noted that bank statements for the various District accounts had not been reconciled on a monthly basis. At year-end, an attempt to reconcile the bank balances to the general ledger was made, with an adjustment to the "Control" accounts in the various funds to balance these entries. Since these adjustments to correct the cash balances were not made until the end of the fiscal year, no explanation could be found by District personnel for the necessity to make these large cash adjustments.

Most of the problems encountered within the area of cash can be avoided if a proper system of checks and balances is incorporated into the District's basic procedures.

Recommendation:

We recommend that all bank accounts be reconciled monthly to the general ledger, and that all suspicious reconciling items be promptly investigated and adjusted with adequate explanation.

Cash Receipts (2008-08)

Problem:

We found there was a considerable delay in recording cash receipts and posting these transactions to the general ledger. Funds received by the District in March, April, and May were not recorded or posted until the end of June.

West Iron County Public School District
Page Five

MATERIAL WEAKENESSES (Continued)
New Comments (Continued)

Cash Receipts (2008-08)

Problem: (Continued)

Although the primary cause of this delay was due to the absence of the business manager, a significant deficiency existed in that the District had no one in place to perform this very important function. As a result, a large gap existed at year-end, when District employees, unfamiliar with the details regarding the previous transactions, attempted to “piece together” the details sufficient to accurately record these receipts. This situation opens the District to the threat of misappropriation of assets, financial statement omissions, and/or misstatements.

Recommendation:

Generally accepted accounting practices require that cash receipts be posted in a routine and timely manner.

Cash Receipting Software (2008-09)

Problem:

Although the District has software to facilitate the cash receipts process, it has not been utilized by the District after the departure of the business manager. Cash receipts are being recorded through the use of journal entries. This process does not allow for the tracking of deposits, as would the use of a cash receipts register, which provides a printout by deposit of the detail transactions contained in each deposit.

Recommendation:

The District should utilize the cash receipts system, and maintain the detail printout of these transactions in sequential order by fund. This will greatly enhance the District’s internal control over cash receipts.

Furthermore, a triplicate deposit book should be utilized without exception. The first copy should be prepared for the bank deposit, the second to be attached to the cash receipts report, and a third copy should remain bound in the deposit book.

Accounts Payable (2008-10)

Problem:

Our testing in the area of accounts payable disclosed that monthly reconciliations between the balance in the general ledger and the open invoices are not being done. In fact, the general ledger and the financial statements reflected accounts payable in excess of \$100,000 more than the District’s actual liability at year-end. The lack of this control feature allows for differences to occur and accumulate over a period of time. Ultimately, the determination of the actual accounts payable is virtually impossible without a significant time investment in a lengthy reconciliation process.

MATERIAL WEAKNESSES (Continued)
New Comments (Continued)

Accounts Payable (2008-10) (Continued)

Recommendation:

To maintain necessary and proper control over accounts payable, we suggest that the open invoice file be reconciled with the balance in the general ledger at the end of every month. If any differences exist, they should be investigated and resolved promptly. These procedures will insure that the balance reported in the general ledger and the financial statements reflects the accurate accounts payable balance.

Early Retirement Incentive Payments (2008-11)

Problem:

The District does not maintain a file on its liability for early retirement incentive payments, and District employees could not locate an accurate and/or complete payout schedule. In some instances, the retired employees themselves provided the missing data.

Recommendation:

This total lack of accurate record-keeping is unacceptable, and fails to protect both the District and the former employees from overpayment or underpayment of a pre-determined benefit.

Payroll (2008-12)

Problem:

The West Iron County Public School District currently contracts with the Dickinson-Iron Intermediate School District for its payroll services. Prior to this arrangement, payroll was prepared by one District employee using the payroll system included in the District's accounting software. Many errors and inconsistencies were found as the Dickinson-Iron Intermediate School District personnel set up the new payroll system. These issues included the following:

- Account distribution was not being properly posted to the various school activities as reflected on employee time cards. For example, time spent by employees working in the Food Service Fund was being reported as time spent performing other functions. This caused a misrepresentation in the financial statements.
- Health insurance costs were not properly charged to the various employee classifications.
- Personnel files were not all complete, and did not contain the required payroll information, deduction authorizations, etc. in many instances.

West Iron County Public School District
Page Seven

MATERIAL WEAKNESSES (Continued)
New Comments (Continued)

Payroll (2008-12) (Continued)
Problem: (Continued)

- Insurance co-payments for many members of the support staff were calculated incorrectly. Some support staff members had been overcharged for their benefits; some were undercharged. (The District has a liability for repayment to those who were overcharged, and will absorb the costs for those who had been erroneously undercharged for these benefits).
- Unemployment was paid on Thumb Education employees who were contracted with the District and were not bona fide employees of the District.
- Payroll reports were not filed by the due dates, and payroll taxes were occasionally being paid late, resulting in unnecessary penalties and interest being charged to the District.

Resolution:

The preparation of payroll-related functions by the Dickinson-Iron Intermediate School District strengthens the internal control through the separation of payroll functions of employment, timekeeping, payroll preparation, and record-keeping.

Scholarship Funds (2008-13)

Problem:

Several scholarships are once again being paid from the Student Activities accounts, and later reimbursed. In addition, we found that several scholarships were being awarded through an account where those scholarships have no investment and those funds have not been reimbursed.

Recommendation:

Before a scholarship is issued, the required donor funds must be transferred to the scholarship checking account, where the distribution must occur. Scholarship activity should never, under any circumstances, be conducted in the Student Activities Fund. Scholarships must never be distributed in the absence of the availability of these funds. Donor funds must be separately identifiable, and reduced only for a scholarship issued in that donor's name.

Problem:

Scholarship interest checks are not being deposited on a timely basis. We noted one instance when an interest check was held for two months before deposit.

Recommendation:

Like all funds for which the District is responsible, deposits must be made on a regular and timely basis.

West Iron County Public School District
Page Eight

MATERIAL WEAKNESSES (Continued)
New Comments (Continued)

Scholarship Funds (2008-13) (Continued)

Problem:

The District had lost or misplaced many investment statements from investment companies who held assets for the various scholarship accounts. Duplicates had to be requested in order to proceed with our auditing procedures.

Recommendation:

Banking and investment statements must be filed and retained in the Scholarship files by financial institution and reconciled on a monthly basis.

Problem:

No bookkeeping was done in the Scholarship Fund for the entire year. Every account and scholarship needed to be reconciled as a function of our audit.

Recommendation:

The District has a fiduciary responsibility to accurately record all scholarship activity, and must do so on a monthly basis.

Student Activities (2008-14)

Problem:

Funds for Wykon Youth Basketball were removed from the District Student Activity Fund to a private account without proper notice or authorization. Since this program is a related school activity for which the District has a fiduciary responsibility, the transfer of these assets to a private account is unacceptable and a clear departure from approved policies.

Recommendation:

All accounting and funding for this program should be returned to the District, who should continue to act as the receiving and paying agent for this group. The Michigan Department of Education requires a recap of receipts and disbursements for all of its fiduciary activities each year.

SIGNIFICANT DEFICIENCIES

New Comments

Ability to Prepare Financial Statements and Related Note Disclosures (2008-15)

Like other local units of government of similar size, limited financial summaries and abbreviated financial statements are made available for the Board members. The School District relies on auditors to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Board members review and accept the financial statements on behalf of the School District. The hiring of additional personnel to prepare the financial statements would not be cost effective.

SIGNIFICANT DEFICIENCIES (Continued)

New Comments (Continued)

Ability to Prepare Financial Statements and Related Note Disclosures (2008-15) (Continued)

Recommendation:

Members of the Board should remain involved in the financial reporting process to provide an oversight function. School District officials agree and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

Audit Adjustments (2008-16)

The School District relies on its auditors to prepare year-end non-recurring adjusting journal entries to adjust its financial statements. Board members review and accept the adjusting entries on behalf of the District.

Recommendation:

Members of the Board should continue to review and approve non-recurring entries. School District officials agree and will continue to use the auditor's assistance in preparing year-end adjusting journal entries.

Significant Deficiencies Reported in Prior Years

Timeliness of Bank Deposits (2007-01)

Problem:

Although bank deposits were being completed on a regular basis, deposits were not being deposited in the bank in a timely manner. When testing the food service revenue, we noted as many as fifteen or more deposit tickets submitted on the same day. This was also found to be a problem in the Student Activities Fund. This practice opens the District to a loss or theft of cash while it is still on the premises.

Recommendation:

To strengthen internal controls in this area, we suggested that during times of heavy cash inflow, deposits to the bank be made on a daily basis. During periods of less cash inflow, we recommend that cash be deposited at the bank no less than once a week. This practice will firmly strengthen the District's internal control process over cash receipts and greatly lessen the likelihood that cash could be lost or stolen before it is deposited in the bank.

Resolution:

This problem has not been resolved.

Significant Deficiencies Reported in Prior Years (Continued)

Timeliness of Bank Deposits (2007-01) (Continued)

Continued Recommendation:

Timely bank deposits must be made on a consistent, on-going basis.

Timely and Accurate Financial Reports (2007-02)

Problem:

In conjunction with the previous audit, we noted that the District's accounting and reporting processes were being significantly delayed. This will greatly reduce the administration's ability to effectively guide the organization. Critical areas such as financial analysis, budgetary control, and cash flow can all be negatively impacted.

Recommendation:

It was recommended that financial reporting, including year-end adjustments, be completed on a timely basis. If it is determined that the department is understaffed, steps should be taken to alleviate this problem so that work can remain current without an undue hardship on any one employee.

Resolution:

This problem has not been resolved.

Continued Recommendation:

Financial reporting must be accurate, and must be completed, reviewed, and approved on a timely basis.

Student Activities (2005-01)

Problem:

In conjunction with the prior audits, it was noted that all records pertaining to the various student activities were reported and maintained by School District office personnel. Those responsible for the various student organizations often retain no independent record of the amount of earnings, expenditures, and year-end balances in their accounts. There is, therefore, no method to confirm transactions or balances in these activities.

Recommendation:

It was recommended that each student group be held responsible for the maintenance of its own set of accounting records, keeping a running total of all fund-raising revenues, expenses, and ending cash balances. At year-end, these records would be turned in to the office of the principal, where they are to be held for safe-keeping. These independent records should then be made available to provide confirmation of activities and balances for the annual audit.

Significant Deficiencies Reported in Prior Years (Continued)

Student Activities (2005-01) (Continued)

Resolution:

This problem remains unresolved. In the course of our audit, we found no improvement with compliance.

Continued Recommendation:

The District should strictly implement the prior recommendations. It is recommended that compliance be monitored on a quarterly basis, and that those persons not in full compliance be notified of this fact and attempts be made to remedy this issue.

OTHER MATTERS

Other Matters Communicated in Prior Years

Security Needed Over Cash

Problem:

Personal checks were being cashed with un-deposited funds by District personnel as a convenience for these employees. This compromises the integrity of the cash and check components of funds collected for deposit, thereby weakening the District's internal control over cash receipts.

Recommendation:

It was recommended that the use of District funds for the cashing of checks for any purpose be discontinued at once. All monies received for deposit should be deposited intact. The breakdown of the cash and check component on every deposit slip must agree with the documentation supporting that deposit.

Resolution:

This has been satisfactorily resolved.

BUDGETARY

Problem:

During the past several fiscal years, the School District incurred several expenditures which were in excess of amounts appropriated.

Recommendation:

It was recommended that closer monitoring be done in regards to budgetary appropriations and expenditures.

OTHER MATTERS (CONTINUED)

Other Matters Communicated in Prior Years (Continued)

BUDGETARY (Continued)

Resolution:

There were again several expenditures which exceeded budgeted amounts.

Continuing Recommendation:

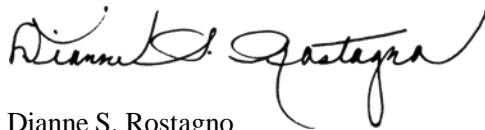
Closer monitoring is needed in regards to budgetary appropriations and expenditures.

This letter does not affect our report dated November 10, 2008 on the financial statements of the **West Iron County Public School District**, Iron River, Michigan. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate school administration and staff, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, or to assist you in implementing the recommendations.

It has been a pleasure working with the administration and staff, and we wish to express our appreciation for their cooperation and assistance during the audit engagement.

This communication is intended solely for the information and use of management, those charged with governance, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno", written in a cursive style.

Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

November 10, 2008